

Te pūrongo ā-tau a Waka Kotahi

Waka Kotahi NZ Transport Agency annual report

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He tirohanga whānui nā te heamana me te pou whakahaere

Chair and chief executive overview

E tiaki ana a Waka Kotahi i te pūnaha tūnuku ā-papa, e mahi tahi ana hoki ki ō mātou hoa rangapū me te hunga whai pānga ki te ahu whakamua ki tētahi whatunga tūnuku ā-papa e tautoko ana i te nohopai me te oranga o ngā hapori o Aotearoa.

I te tau kua pahure, i whakaatu te urupare a te pūnaha tūnuku ā-papa ki ngā āhuetanga huarere i Te Ika-a-Māui i te waiwai o ēnei rangapūtanga ki te haumaruru me te tūhono o ngā hapori. Neke atu i te 91 ōrau o ngā huarahi matua i whakatūwheratia hei ara rauora i roto i te ono wiki i te pānga o Huripari Gabrielle, ā, i te mutunga o Mei 2023 i huri te aro ki te whakaoranga me te hanga whare hou. Kua kore tēnei e tutuki ki te kore ō mātou rangapūtanga ki ngā iwi, te kāwanatanga ā-motu, te kāwanatanga ā-rohe, me ō mātou hoa rangapū ara tukutuku.

He whānui ake ngā pāpātanga o te huringa āhuarangi i a Cyclone Gabrielle anake. I piki ake te maha o ngā āhuetanga huarere i whai pānga ki ngā katinga ohore o te whatunga huarahi matua mai i te 271 i te tau 2021/22 ki te 512 i te tau 2022/23. I aukatihia ngā rohe maha o te motu, tae atu ki Te Taihū-o-te-waka, Whakatū, Te Whanganui-a-Tara me Te Taitokerau, e tētahi pūnaha huarere nui rawa i te Ākuhata 2022 i puta ai ngā waipuke, ngā horowhenua, me te waipuke o ngā huarahi.

He roa tonu te huarahi ki te hanga i tētahi pūnaha tūnuku ā-papa e āhei ai a Aotearoa ki te urupare tonu me te urutau ki tōna āhuarangi me te taiao hurihuri. He pūnaha tēnei e āhei tonu ai ngā hapori ki ngā ratonga rauora pērā i te kai me te hōhipera, ki te mahi tonu i ngā mahi ohaoha me te tūhono atu ki ō rātou whānau, ahakoa kua pāngia ētahi o ngā ara e noho nei rātou e tētahi āhuetanga huarere taikaha, e tētahi atu matepā rānei. Waihoki he pūnaha e whai tonu ana kia haumaruru ake, kia wātea ake, ā, kia whai hua ake mā te hunga e whakamahi ana, mā te huarahi e whakaiti ai i te tukuwaro o te haurehu kati mahana me te whakaiti i ngā pāpātanga kino o te tūnuku ki te taiao me te hauora, te oranga me te toritori o ngā hapori e noho nei, e mahi nei, e toro nei tātou.

Ka rerekē pea te āhua o te pūnaha tūnuku o anamata i ō te pūnaha o nāianei. Kua tīmata mātou ki te para i te huarahi kia panonihia ai ngā mea e tika ana. I runga i ā mātou mahi o mua i te tātaritanga whaihua ā-utu mo te Kaupapa Manawarua ā-Motu me Toitū te Taiao, tā mātou mahere mahi toitū, i whakarewaina e mātou a Tiro Rangi, tā mātou mahere urutau ā-āhuarangi mō te 2022-2024. E whakatakoto ana a Tiro Rangi i te āhua e urupare ai mātou ki ngā pāpātanga tauroa o te huringa āhuarangi ki te pūnaha tūnuku, me te whāinga pae tawhiti o

tētahi pūnaha tūnuku ā-papa manawaroa i roto i te āhuarangi hurihuri e taea ai tētahi pūnaha e whakapai ake ai te oranga me te nohopai. I whakatinana tonu mātou i te Mahere Whakaiti Tukuwaro a te kāwanatanga, e tautokona ana e te pūtea hou o te Tahua Urupare Ohotata Āhuarangi.

Ahakoia kua tīmata kē te hanga i te tūāpapa mō tētahi pūnaha tūnuku manawaroa, wātea, whāomo me te haumarū, e kore e tutuki i a mātou ēnei putanga pūnaha tauroa ki te kore he otinga pūtea toitū. Kei te pēhia tā mātou 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 āhuetanga 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.

Ināianei, kua whānui te whāruarua i waenga i te pūtea tūnuku ā-papa i matapaetia me te pūtea e hiahiatia ana hei whakarite he haumarū, he manawaroa hoki te whatunga, ka whakatutuki hoki i te Tauākī Kaupapahere Kāwanatanga mō te tūnuku ā-papa. Ahakoia te pai o tā mātou whiwhi pūtea tāpiri i raro i te Tahua 2023 i āhei ai tā mātou urupare ohotata ki ngā āhuetanga huarere i Te Ika-a-Māui me te pikinga o te haumitanga ki te manawaroa puta noa i te motu, kāore ngā otinga taupoto e whakakapi i te hiahia ki tētahi pūnaha tauroa me te toitū. Mā te whakatō i te whakapono ki te tukunga pūtea ā muri ake, ka āwhina hoki tētahi otinga pūtea toitū i a mātou ki te whakarite whakatau mō te haumitanga tauroa me te whakamahinga o te whenua e tautoko ana i te uara pūrawa ā-māketete nui ake e hiahiatia ana hei kawē i te tūāhanga e waiwai ana ki te tōnui ā-ōhanga e whai hua ai a Aotearoa whānui. Ko te whakarite pūtea toitū mā te urupare ki te Arotake Pūtea Tūnuku ā-Papa, e arahina ana e te Manatū Waka me te Tai Ōhanga, he whakaarotau mātua i te 2023/24.

Ahakoia kāore mātou i te mōhio ka pēhea te āhua o te otinga pūtea, kei te whai tonu mātou kia pai ake te whakatutuki i ngā hiahia o ngā hāpori e āwhina nei mātou i raro i ngā herenga pūtea o nāianei. Kua whakarite anō mātou i tā mātou hanganga kia pai ake ai te urupare ki tō mātou taiao hurihuri me te whakatutuki i ngā whāinga. Ka āwhina ēnei panonitanga i a mātou ki te whakatutuki i Te Kāpehu, tā mātou aronga ā-rautaki, e whakatakoto ana i ngā putanga pūnaha me ngā whakaarotau ā-rautaki o te kāhui whetū e ārahi nei i ā mātou mahi.

Kei te mahi ngātahi tonu mātou ki Ngā Pirihimana o Aotearoa, ngā kaunihera me Te Manatū Waka ki te whakatinana i Te Ara ki te Ora, te rautaki haumarū huarahi ā-motu. Ahakoia kua heke te maha o ngā matenga me ngā wharanga kino i ētahi wāhi, kei te tuhene tonu te maha o ngā matenga me ngā wharanga kino katoa, ka mutu i tērā tau i piki ake ngā matenga me ngā wharanga kino nā te tūkinga i ahu mai i te tere rawa o te hautū waka, me ngā tūkinga waka ki te waka, i kotiti i te huarahi, me ngā tūkinga pūtahi rori. Mā te whakatau i ngā tere haumarū ake me te whakapai ake i te haumarū o te tūāhanga o te huarahi e āwhina ki te whakaiti i ngā matenga me ngā wharanga kino nā ēnei momo tūkinga. Kua pai ake kē te haumarū i ngā wāhi i mahi tahi ai ngā hāpori ki a mātou ki te whakatau i ngā tere haumarū ake, pērā i ngā wāhi tata ki ngā kura me ngā marae. Mā te kawē i te Hōtaka Whakatika i te Parahuti me te Hōtaka Hautū Tere me te Tūāhanga e whakaiti ai i ēnei momo matenga, wharanga kino hoki mā te whakahaumarū ake i ngā tepe tere me te tūāhanga. E whai hua ai ēnei kaupapa, me mahi tahi tonu mātou ki ngā hāpori ki te whakarite otinga e tutuki ai ō rātou hiahia.

I te tau kua hipa, nā mātou ngā kaupapa matihiko nui e rua i koke, arā i whakawhānuitia te whatunga kāmera haumaruru me te whakawhanake i te pūnaha tīkiti tūnuku tūmatanui ā-motu tuatahi. Mā ēnei kaupapa, e panoni ana mātou i te āhua o te kawae i ā mātou ratonga kia pai ake ai ngā wheako o ā mātou kiritaki me te koke i ā mātou kaupapa panoni whanonga nui pērā i te haumaruru huarahi, huringa āhuarangi me te panoni momo tūnuku.

I whakapai ake haere tonu mātou i tā mātou mahi ā-waeture, e whai wāhi nui ana ki te whakamana i a mātou ki te whakatutuki i ngā putanga pūnaha i whakatakotoria e Te Kāpehu. I te Āperira, i pānuitia e mātou te whakatūnga o tētahi kaupapa ā-waeture hou mō te pūtea me ngā utu, e tohu ana i te tīmatanga o tētahi tikanga tōkeke ake, tautika ake hoki ki te tuku pūtea ki ngā mahi i raro i te waeture. Ka whakarite tēnei taura hou ka whai a Waka Kotahi i ngā rawa tika hei whakahaere i te pūnaha tūnuku ā-papa ki te anamata. I tuku hoki mātou i tā mātou rautaki ā-waeture hou, Tū Ake, Tū Māia 2023-32, e whakatakoto ana i te āhua e whakahaere nei mātou ko ā mātou hoa rangapū i te pūnaha tūnuku ā-papa kia noho haumaruru a Aotearoa.

Ka whai wāhi nui tā mātou mahi ā-waeture ki te āwhina i a mātou ki te whakatutuki i ā mātou whāinga whakaiti tukuwaro. I te 2022/23, i whakatinanahia e mātou te Paerewa Waka Parukore, e whakahau ana i ngā kaihoko whakaroto kia whakaitihia te tukuwaro mā te kōkiri kia nui ake te whakarotonga o ngā waka hoko whakaroto tukuwaro kore ki Aotearoa. Nā te Hōtaka Paerewa Waka Parukore i mahi tahi ai te kāwanatanga me te ahumahi i runga i te ngākau whakapono me te mahi ngātahi ki te whakatinana ture.

I tono hoki mātou i tētahi arotake motuhake o Te Ara Kotahi, tā mātou rautaki Māori. Ka āwhina ēnei kitenga i a mātou ki te whakakaha i tō mātou hononga ki a Ngāi Māori hei hoa rangapū Tiriti me te mana whenua o Aotearoa.

Pērā i ngā huarahi, ngā ara hīkoi me ngā ara paihikara e whakamahi nei tātou, i hua ake i ngā whakatahi i whakaritea e hia tau ki muri, ka whai wāhi tonu ā mātou mahi i ēnei rā ki te ao o te tangata o āpōpō, ā haere ake nei. Ka kōkiri tonu mātou i tētahi pūnaha pūtea toitū kia tutuki ai i a mātou tētahi pūnaha tūnuku parukore ake, haumaruru ake, manawarua ake, e whakapakari ai te oranga me te toritori o ngā hapori, e rite ana mō te anamata.



Dr Paul Reynolds, QSO
Haemana



Nicole Rosie
Tumuaki

He tirohanga whānui nā te heamana me te pou whakahaere

Chair and chief executive overview

Waka Kotahi provides kaitiakitanga of the land transport system, working closely with our partners and stakeholders to move toward a land transport network that supports liveability and wellbeing for the communities of Aotearoa New Zealand.

In the last year, the land transport system's response to Te Ika-a-Māui North Island weather events demonstrated how critical these partnerships are to keeping communities safe and connected. More than 91 percent of state highways were opened for lifeline access within six weeks of Cyclone Gabrielle, and by the end of May 2023 attention had shifted to recovery and rebuild. This would not have been possible without our partnerships with iwi, central government and local government and our supply chain partners.

The impacts of the changing climate have not been limited to Cyclone Gabrielle. The number of weather events leading to unplanned closures on the state highway network grew from 271 in 2021/22 to 512 in 2022/23. Many parts of the country, including Marlborough, Nelson, Wellington and Northland, were cut off by a large-scale weather system in August 2022 that caused flooding, slips and washouts.

We still have a long way to go in building a land transport system that enables Aotearoa New Zealand to continue to respond and adapt to its changing climate and environment. This is a system where communities can still access lifelines such as food and hospitals, maintain economic activity and connect with their whānau, even if some routes where they live have been affected by a severe weather event or other hazard. It's also a system that continues to work towards being safer, more accessible and more efficient for the people who use it, in a way that reduces greenhouse gas emissions and minimises the negative impacts of transport on the environment and the health, wellbeing and vibrancy of the communities where we live, work and visit.

The future transport system may look quite different from today's system. We've started paving the way for the changes we need to make. Building on our previous work on the National Resilience Programme business case and Toitū Te Taiao, our sustainability action plan, we launched Tiro Rangi, our climate adaptation plan for 2022-24. Tiro Rangi sets out how we will respond to the long-term impacts of climate change on the transport system, with the long-term goal of a land transport system that is resilient in a changing climate to enable a system that improves wellbeing and liveability. We also continued to implement the government's Emissions Reduction Plan, supported by new funding from the Climate Emergency Response Fund.

Although we've begun laying the foundations for a resilient, accessible, efficient and safe transport system, we cannot achieve these long-term system outcomes without a sustainable funding solution. Our current funding system is strained due to the combined impact of past under-investment in asset maintenance, 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 required to ensure a safe and resilient network and deliver on the Government Policy Statement on land transport. While Budget 2023 provided a welcome funding boost that enabled our emergency response to Te Ika-a-Māui North Island weather events and increased investment in resilience across the motu, short-term solutions do not replace the need for a long-term and sustainable system. By providing us with confidence in future funding, a sustainable funding solution will also help us make 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. Ensuring sustainable funding through the response to the Land Transport Revenue Review, led by Te Manatū Waka and The Treasury, will be a critical priority over 2023/24.

While we don't yet know what the funding solution will look like, we've continued to work on better meeting the needs of the communities we serve within our current funding constraints. We've reorganised our structure so we can better respond to our changing environment and deliver on our goals. These changes will help us deliver on Te Kāpehu, our strategic direction, which sets out the system outcomes and our kāhui whetū strategic priorities that help guide our work.

We've continued to partner with New Zealand Police, councils and Te Manatū Waka the Ministry of Transport to implement Road to Zero, the national road safety strategy. While the number of deaths and serious injuries has reduced in some areas, total deaths and serious injuries remain unacceptably high, with increases in the last year to deaths and serious injuries from crashes associated with unsafe speeds and head-on, run-off road and intersection crashes. Setting safer speeds and improving the safety of road infrastructure will help reduce deaths and serious injuries from these types of crashes. Safety has already improved where communities have worked with us to set safer speeds such as around some schools and marae. Delivery of the Tackling Unsafe Speeds Programme and the Speed and Infrastructure Programme will also reduce these types of deaths and serious injuries by making speeds and infrastructure safer. To make these programmes successful, we need to continue to work with communities to develop solutions that meet their needs.

Over the last year, we progressed two major digital projects, expanding the safety camera network and developing the first national public transport ticketing system. Through these projects, we are changing the way we deliver our services to provide better experiences for our customers and progress our major behavioural change programmes such as for road safety, climate change and mode shift.

We continued to improve our regulatory function, which plays a huge role in enabling us to achieve the system outcomes set out by Te Kāpehu. In April, we announced the adoption of a new regulatory funding, fees and charges regime, marking the beginning of a fairer, more equitable approach to funding regulatory activity. This new model will ensure Waka Kotahi is properly resourced to regulate the land transport system into the future. We also released our refreshed regulatory strategy, Tū Ake, Tū Māia 2023–32, which sets out how we and our partners regulate the land transport system to keep Aotearoa New Zealand safe.

Our regulatory function will also play an important role in helping us achieve our emissions reduction goals. In 2022/23, we implemented the Clean Car Standard, which regulates importers to reduce carbon dioxide emissions by encouraging a greater supply of low and zero emission vehicle imports into Aotearoa New Zealand. The Clean Car Standard Programme saw government and industry working together in a trusted and collaborative way to implement legislation.

We also commissioned an independent review of Te Ara Kotahi, our Māori strategy. These findings will help us to strengthen our relationship with Māori as te Tiriti o Waitangi partners and mana whenua of Aotearoa New Zealand.

Just as the roads, footpaths and cycleways we use today are the results of decisions made decades ago, what we do today will continue to make a difference in people's lives tomorrow and long into the future. We will continue to advocate for a sustainable funding system so we can deliver a transport system that is cleaner, safer, more resilient, enhances the wellbeing and vibrancy of communities, and is prepared for the future.



Dr Paul Reynolds, QSO
Chair



Nicole Rosie
Chief Executive

Section A

Mō mātau

About us



Our board



Dr Paul Reynolds, QSO - Chair

Paul began as Waka Kotahi chair on 1 February 2023.

Paul is an experienced Chair, public sector leader and strategist. He has held a range of senior positions in the public sector including as Chief Executive of the Ministry for the Environment, Deputy Director General (Policy) at the Ministry of Agriculture and Forestry and Chief Policy Adviser at the Ministry of Research, Science and Technology. Paul was also the chair of the Manaaki Whenua subsidiary Toitū Envirocare until 30 June 2023.

Paul is currently Chair of AgResearch and Deputy Chair of Manaaki Whenua–Landcare Research. He also is a Director of OSPRI Ltd and chairs the Student Volunteer Army Foundation.

Paul was made Companion of the Queen’s Service Order in 2018 and has a PhD in biochemistry from the University of Otago.



Cassandra Crowley - Deputy Chair

Cassandra is a chartered accountant (Fellow), barrister and solicitor of the High Court of New Zealand and a member of the Institute of Directors.

In addition to her commercial advisory work, she holds non-executive directorship roles across several sectors of the New Zealand economy. These roles include chairing several audit, finance and risk committees and overseeing digital transformation. She is a past president of Chartered Accountants Australia and New Zealand and has been recognised for her leadership and governance contributions with the Supreme Award for Excellence in Governance from Women on Boards.

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



David Smol

David has over 35 years’ experience in New Zealand and the United Kingdom in both the public and private sectors. He has worked in the energy sector in both countries, including as director of an Oxford-based energy consulting firm with clients in the United Kingdom and Europe, large energy utilities and transmission companies, renewable energy generators, regulatory bodies and government departments.

In 2008, David was appointed Chief Executive of the Ministry of Economic Development. From 2012 to 2017, he was the inaugural Chief Executive of the Ministry of Business, Innovation and Employment, where he was responsible for the stewardship of multiple regulatory systems.

David is currently chair of New Zealand Growth Capital Partners, and Wellington UniVentures (the commercialisation subsidiary of Victoria University of Wellington). He is also a director of Contact Energy and the Cooperative Bank. David was made a Companion of the Queen’s Service Order in 2018.

David is a member of our Regulatory Committee.



Catherine Taylor

Catherine is a chartered accountant and has held senior management positions in the public and private sectors, including five years as Director and Chief Executive of Maritime New Zealand. Catherine understands transport sector regulatory issues and has always been interested in how regulatory tools can be used to achieve safety outcomes.

Catherine's current governance roles include Deputy Chair of the Energy Efficiency and Conservation Authority, chair of Diabetes New Zealand, trustee of the John Nesfield Trust and trustee of the New Zealand Law Foundation.

Her past roles include deputy chair of Nelson Airport Limited, director of the New Zealand Institute for Crop and Food Research (now Plant and Food Research), member of the Civil Aviation Authority, member of the Building Practitioners Board, member of the Biosecurity Ministerial Advisory Committee and trustee of the Life Flight Trust.

Catherine chairs our Regulatory Committee and is a member of our People, Culture and Safety Committee.



Patrick Reynolds

Patrick brings extensive expertise in urban form and transport analysis and advocacy, along with public sector governance experience to Waka Kotahi.

He has lectured in urban design at the University of Auckland and written about transport and the urban realm in books and magazines and online, most prominently at Greater Auckland. Patrick is a recipient of the New Zealand Institute of Architects President's Award for his contributions to debates on Auckland's urban issues.

He has served on boards for Auckland Council, Auckland Transport, and Rotorua Lakes Council.

Patrick is a member of our Investment and Delivery and Regulatory Committees.



Victoria Carter

Victoria has over 25 years' experience as a director on the boards of NZX, private companies and council entities in the transport, tourism, education, property and arts sectors.

Founder of Cityhop, New Zealand's first and largest carshare business, Victoria is a known expert on mobility as a service.

Victoria is a former Auckland City councillor and an accredited Fellow of the Institute of Directors. In 2016, she was awarded the New Zealand Order of Merit for services to the arts, business and community. She holds a bachelor of laws from the University of Auckland.

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



John Bridgman

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

John is the Chair of City Rail Link Ltd and is a Director of Kianga Ora - Homes and Communities. Up until 2023 he was Chief Executive of Ōtākaro Ltd (now Rau Paenga Ltd), the Crown company responsible for the Crown's contribution to the rebuilding of Christchurch following the 2011 earthquakes. Previously, he has held a variety of senior leadership roles at AECOM (including as Industry Director - Civil Infrastructure in Australia and as Managing Director of the New Zealand business), as well as governance roles on major infrastructure projects in New Zealand, Australia, Asia and the United Kingdom.

John chairs our Investment and Delivery Committee.



Hon. Tracey Martin

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

Tracey is currently the Chair of the New Zealand Qualifications Authority, the Strong Public Media Business Case Governance Group and the Wellington Regional Leadership Committee.

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



Ngarimu Blair

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

Ngarimu is currently a director of Kāinga Ora, Ngāti Whātua Ōrākei Whai Rawa Ltd, a large property company responsible for the protection and growth of the tribe's commercial assets, Manaaki Whenua and co-chair of the Tamaki Makaurau Mana Whenua Forum.

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

Our leadership team

Our Chief Executive and Executive Leadership Team manage our organisation. They are:

Nicole Rosie – Chief Executive

Neil Cook – Director of Land Transport and General Manager Regulatory Operations (Acting)

Tara Macmillan – General Manager Regulatory Transformation and System (Acting)

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

Brett Gliddon – Group General Manager Transport Services

Sarina Pratley – Chief Customer and Services Officer

Liz Maguire – Chief Digital Officer

Richard May – Chief of Staff

Chris Bunny – Group General Manager System Leadership

Chris Lokum – Group General Manager Pūmanawa Tāngata – People and Safety

Sara Lindsay – Group General Manager Te Ama – Commercial and Corporate.

Profiles of the leadership team are on our website.¹

Our workforce

Our people mean a lot to us; in fact, they're everything. It's their effort and commitment that enables the organisation to do what it does.

At the end of 2022/23, our people included 2734 permanent employees (2570 full-time equivalent employees). The proportion of our permanent employees who identified as Māori increased slightly from 6 percent in 2021/22 to 7 percent in 2022/23. In April 2023 we launched Rangitāmiro, our new Māori employee-led network that provides a place for Māori to connect, build community and share mātauranga. Rangitāmiro means to combine, bind together and integrate, amalgamating together individual strands and fibres of harakeke into a strong cluster.

We have more female (54 percent) than male (46 percent) permanent employees. We also have 14 people who identify as gender diverse or have not declared a gender. The make-up of our permanent senior managers (tiers 1–3) is 59 percent female and 41 percent male.

We recognise, respect and value differences and are committed to providing equal employment opportunities for all. This creates better outcomes for our people and for the people we are ultimately here for – the people of Aotearoa New Zealand. We continue to work towards addressing barriers to diversity and inclusion in our organisation and to continue our commitment to being a good employer in line with Human Rights Commission guidance and the expectations set by Te Kawa Mataaho Public Service Commission.

For detailed information on our workforce and what we're doing to meet our good employer commitments, see appendix 5 on page 203.

¹ Waka Kotahi (2023) Our executive leadership team (webpage). www.nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/our-executive-leadership-team

Our values and behaviours

Our values and behaviours were launched across the organisation in December 2020 as part of Te Kāpehu, our compass, which outlines our organisational strategic direction.

Our values and behaviours shape our culture, guide the way we work together, define what's important to us and help us deliver our best work every day. They influence how we work within Waka Kotahi and how we engage with iwi, other partners, stakeholders and communities.

The four values and behaviours that guide us are:



Kia Māia

Be Brave

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



Kotahitanga

Better Together

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



Ngākau Aroha

Have Heart

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



Mahia

Nail It

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

Our mātāpono or values are bilingual in English and te reo Māori. They are not direct translations of each other but are closely related concepts so each mātāpono has its own meaning.

The values and behaviours will become part of what it means to be an employee of Waka Kotahi. They will shape how our people leaders coach teams and give recognition, be incorporated into our recruitment processes, play a key part in performance reviews, and become integrated across all other parts of the employee experience.

Tā mātau horopaki me te ahunga rautaki

Our context and
strategic direction



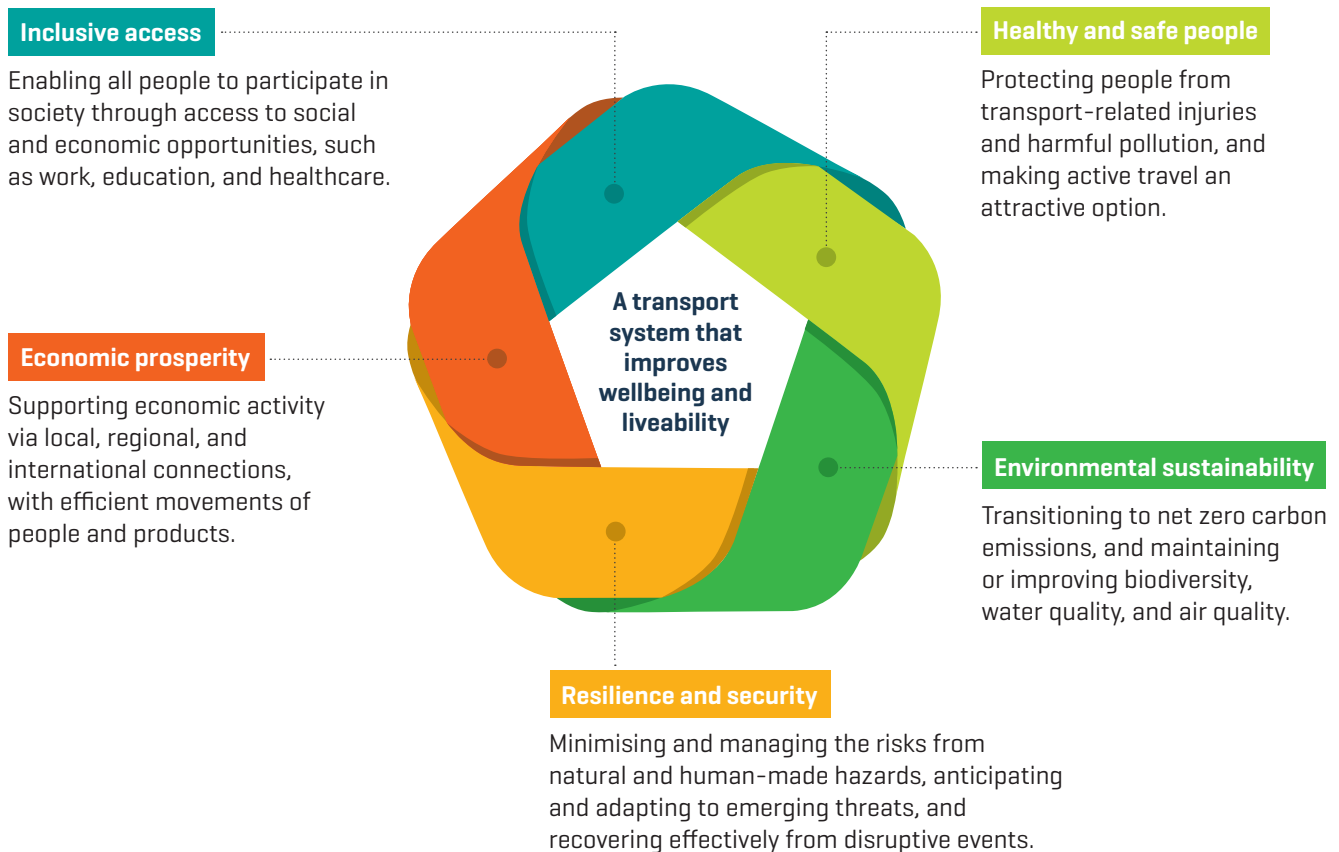
Transport Outcomes Framework

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

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

These outcomes are interrelated and must be achieved together to improve intergenerational wellbeing and the quality of life across Aotearoa New Zealand. They are reflected in the priorities in the Government Policy Statement on land transport (GPS) and our strategic direction, Te Kāpehu.

Figure 1 – Transport Outcomes Framework

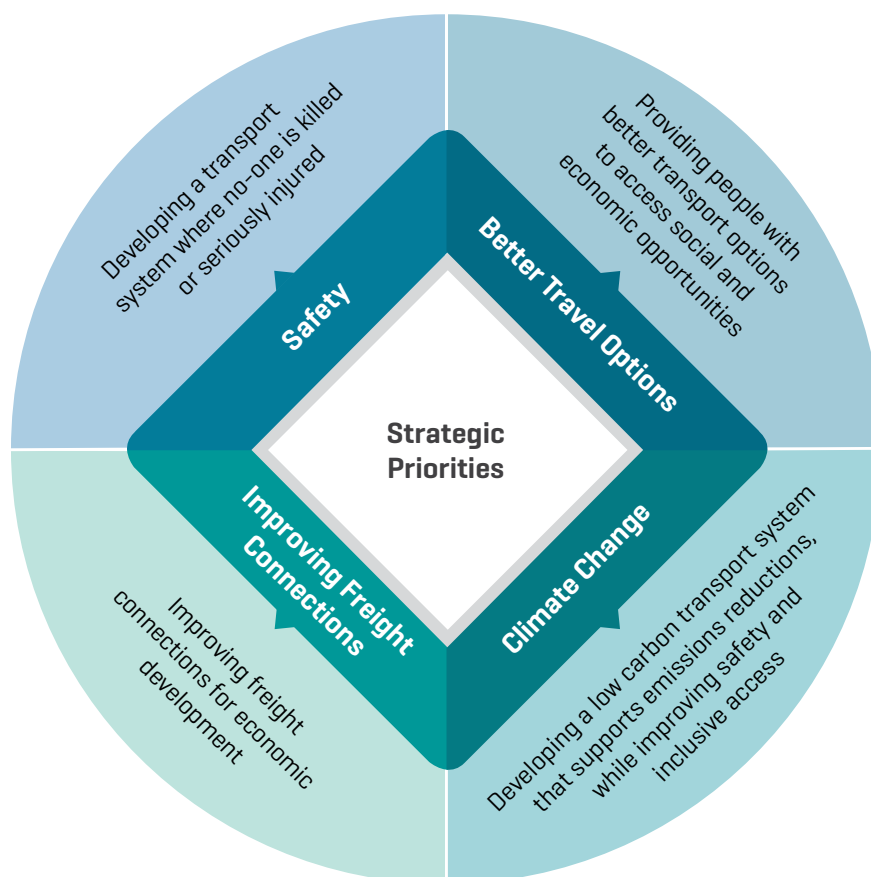


Government Policy Statement on land transport

The GPS sets the government’s strategic direction for the land transport system over the next 10 years and is updated every three years. It guides how we invest the National Land Transport Fund (NLTF) and how we prioritise activities in regional land transport plans for inclusion in the National Land Transport Programme (NLTP).

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

Figure 2 – Strategic direction of the GPS 2021



Alongside delivering the government’s emerging priorities and progressing our strategic outcomes, we must also continue to maintain and renew the existing land transport network. The NLTF annual report (pages 219 to 284) summarises how the NLTF was invested in 2022/23 to contribute to GPS 2021 priorities.

Te Kāpehu – our strategic direction

Te Kāpehu describes our place and aspirations within the land transport system, what we want to achieve as an organisation and how we will go about achieving that (see figure 3). It is informed by the wider government direction for the land transport system.

Te Kāpehu sets our vision for a land transport system that connects people, products and places for a thriving Aotearoa New Zealand.

Our **roles** are the big things we need to do to achieve our vision:

- kia hoe ngātahi – move together as one
- te anamata – leave great legacies
- kia tika te mahi – deliver the right things
- kia marutau – enable a safe system.

Our **system outcomes** are the long-term changes to the transport system we are focusing on to realise this vision. We want Aotearoa New Zealand to have a land transport system that is safe, environmentally sustainable, effectively and efficiently moving people and freight, and meeting current and future needs. Our system measures and targets help us track progress towards achieving the four system outcomes.

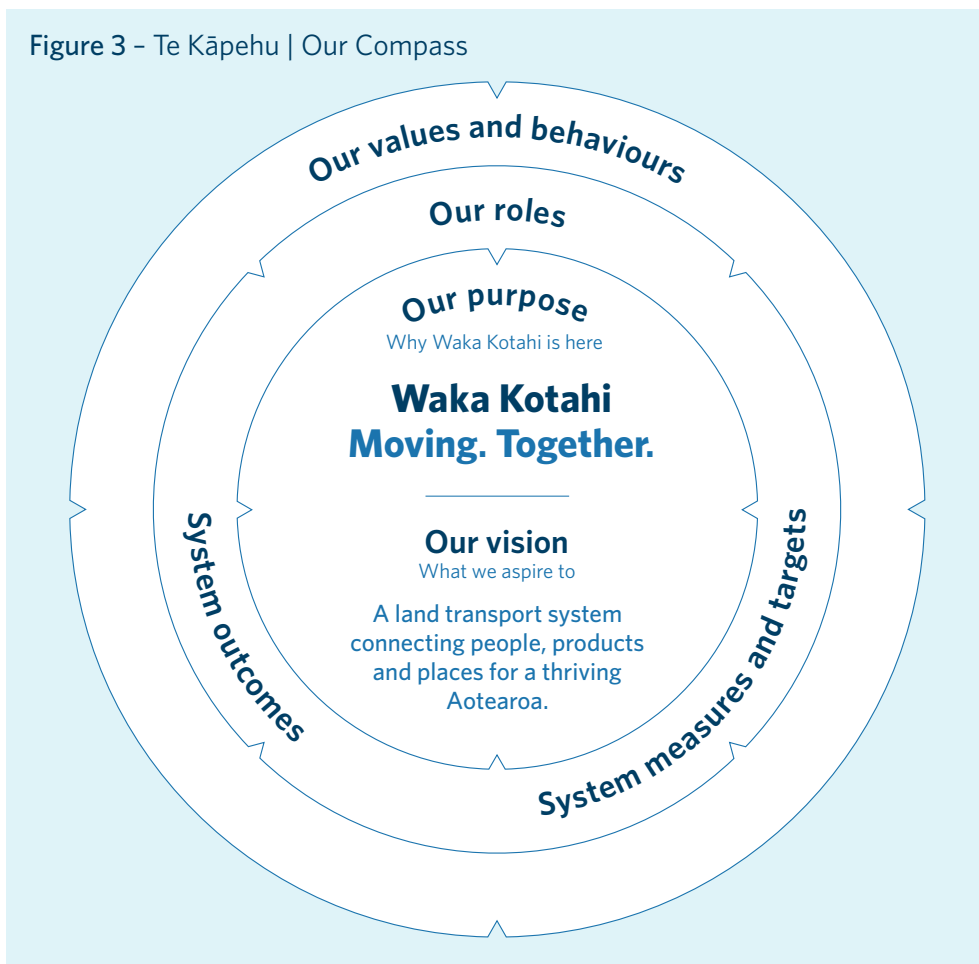
Our **values and behaviours** support the delivery of our strategy and shape our culture and the way we work together.

Our **kāhui whetū – guiding stars** – were developed in 2022/23 and are the strategic priorities that guide our path and help prioritise our work. They are:

- pou herenga tangata – culture and leadership
- pae tawhiti – future focus
- auahatanga – accelerating digital
- eke panuku – delivery excellence.

Together, Te Kāpehu and our kāhui whetū set our journey on the right path.

Figure 3 – Te Kāpehu | Our Compass



Our performance framework

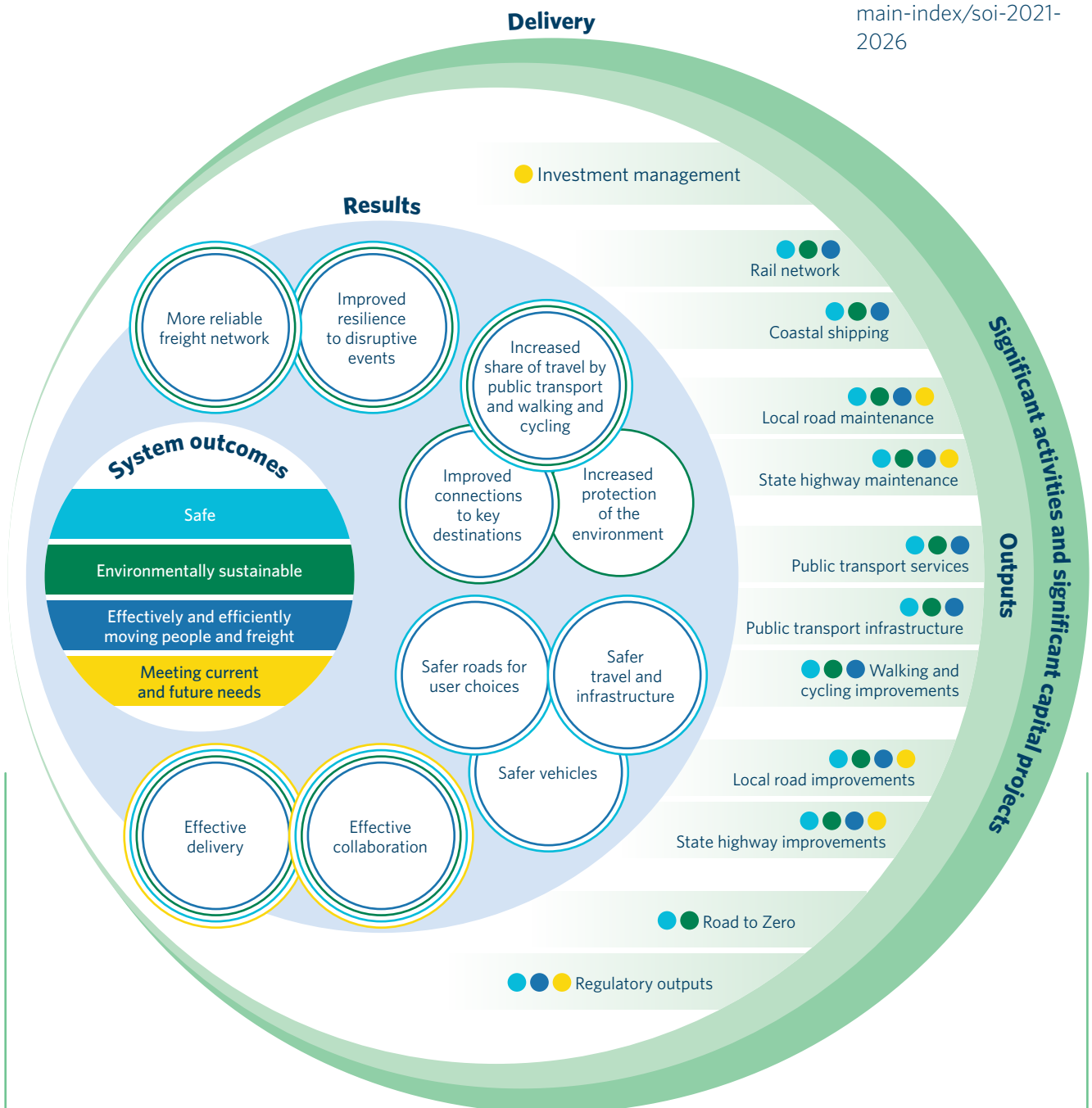
Our performance framework (see figure 4) helps us track progress toward achieving the strategic direction set in Te Kāpehu. It aligns with the Transport Outcomes Framework, GPS 2021 and other programme-specific frameworks, including those embedded in Road to Zero, Toitū te Taiao, our sustainability action plan, and Tū Ake, Tū Maia, our regulatory strategy.

Our performance framework includes our system outcomes, external and internal results, and delivery activities and outputs. The relationships between these elements are complex and multifaceted. Many results and outcomes are the responsibility of the wider transport sector or government, so are not ours alone to influence (see figure 5). This is why we do not show direct links between the elements of the framework – they work with each other to make progress toward our vision.

For detailed descriptions of our system outcomes and results, see our statement of intent for 2021–26.²

Figure 4 – Relationship between the layers of our performance framework

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



Moving from delivery to outcomes:

- the importance of working with other agencies on outcomes for the transport system as a whole increases
- we see more impact from government policy and other external factors
- our ability to directly control results decreases.

Key

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

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

System outcomes and measures ^A

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

Safe

Number of road deaths and serious injuries (DSIs)

✔ 30%

System target: 40% reduction in DSIs by 2030 from 2018 levels

Significant incident frequency rate

✔ Decrease

Environmentally sustainable

Greenhouse gas emissions from the land transport system

✔ Decrease

System target: 41% reduction in transport emissions by 2035 from 2019 levels

Proportion of the light vehicle fleet that are zero-emissions vehicles

⬆ Increase

System target: increase zero-emissions vehicles to 30% of the light fleet by 2035

Effectively and efficiently moving people and freight

User experience of transport network by mode

⬆ Improving for public transport and active modes

Freight mode share of road and rail

✔ Decrease for road

⬆ Increase for rail

Meeting current and future needs

Funding sustainability

Proportion of net revenue forecast to be spent on continuous programmes and public private partnerships

No greater than 75%

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

⬆ ⬆ Maintain or increase

Light vehicle kilometres travelled in major urban areas

✔ Decrease

● ● ●

System target: 20% reduction in total kilometres travelled by the light fleet by 2035 from 2019 levels

Results and measures ^A

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

Are we influencing the right external changes?

Safer travel and infrastructure ● ●

Number of DSIs where the speed limit does not align with the safe and appropriate speed

✔ 40%

Number of head-on, run-off-road and intersection DSIs

✔ 30%

Safer vehicles ● ●

Number of DSIs involving a vehicle with a low safety rating

✔ 20%

Improved resilience to disruptive events ●

Proportion of unplanned road closures resolved within standard timeframes

⊙ Weather event ≥50%

⊙ Other events ≥90%

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

Mode share of public transport and active modes in urban areas

⬆ Increase

Are we making the right internal changes?

Effective delivery ● ● ● ●

Staff engagement

⬆ ⬆ Maintain or increase

Investment performance

⬆ Improve investor confidence rating

Service quality (ease of transacting with us)

⬆ ⬆ Maintain or increase

Quality of regulatory activity – Percentage of regulatory activity that conforms to key decision-making criteria

⬆ Increase

Delivery & measures

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

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

Significant activities in 2022/23

Our significant activities capture the milestones we want to achieve in 2022/23 to help us progress towards our system outcomes and respond to government priorities for the land transport system.

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

Significant capital projects as part of:

- National Land Transport Programme
- New Zealand Upgrade Programme

Output classes:

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

Safer road user choices ●●

Number of DSIs associated with behavioural risk factors
 ✓ 20%

Increased protection of the environment ●

The percentage of projects that are undergoing an Infrastructure Sustainability Council rating are progressing on track to achieve an Infrastructure Sustainability rating
 ➔▲ Maintain or increase Waka Kotahi corporate carbon footprint
 ✓ 44% by 2025

More reliable freight network ●●●

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

Improved connections to key destinations ●●●

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

Effective collaboration ●●●●

Partnerships and engagement with Māori
 ▲ Improve
 Partnership and engagement with stakeholders
 ▲ Improve

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



Section C

Ngā taipitopito o ngā otinga

Detailed results



Summary of 2022/23

Improving how we delivered our core services

Following a challenging year, our vision of a land transport system that connects people, products and places for a thriving Aotearoa New Zealand is more important than ever. To deliver our vision, during 2022/23, we continued to focus on delivering our core functions and services well, from regulation to planning and investing in the land transport system.

Improving how we deliver our regulatory role is critical to making the land transport network more reliable, safe and sustainable. It's our responsibility to make sure regulations are easy to comply with and hard to avoid, and that they are coordinated with other land transport levers such as infrastructure design, planning and investment management. Our delivery of regulatory services has stabilised since the 2018 regulatory failure, and our performance in 2022/23 shows we are becoming more consistent and effective in our approach. Building on the successes since our first regulatory strategy was released in 2020, we updated Tū Ake, Tū Māia in 2022/23. It has a more outward focus on what we can do across the system and will help us as we strengthen our role as a regulator that is firm, fair and focused on community safety.

To provide better experiences for our people, partners and customers, we're modernising the way we do things by using technology more and in different ways. We have two major digital projects under way: one to transfer and expand the safety camera network and one to plan and implement the country's first integrated public transport ticketing system. We're also making it easier for customers to get what they need quickly and easily. Our website has over 1 million visitors each month. During 2022/23, we upgraded it to provide more accurate search engine results and continued to make more processes available online, so it is easier to do things like pay road user charges without having to travel to an office to do it in person.

We continued to partner with others to deliver infrastructure projects, another of our core responsibilities. The new Ara Tūhono – Pūhoi to Warkworth motorway opened in June 2023, providing an efficient, safe, modern and resilient corridor connecting Tāmaki Makaurau Auckland and Te Tai Tokerau Northland. It is estimated that more than 7000 people worked over 8 million hours to build this new road. This significant and complex project relied on trusted partnerships, including with our treaty partners Hōkai Nuku.

To help us progress Te Kāpehu, our strategic direction, we developed four new priorities. These will guide us as we prioritise our work and will help us leverage our organisation to deliver better outcomes for New Zealanders.

We are responding to the climate emergency

Preparing for and responding to the impacts of climate change and environmental conditions will shape every aspect of our work for decades to come. As kaitiaki of the land transport system, we are changing the way we plan, build, maintain and use transport infrastructure. We need to champion more sustainable, accessible and equitable transport options that enhance the vibrancy and wellbeing of our communities, now and in the future.

We are making it easier for customers and users of the land transport system to support the country's decarbonisation goals. During 2022/23, this work included continuing to deliver the Clean Car Discount, introducing the Clean Car Standard and progressing the national ticketing solution. We worked with partners to make the public transport system more reliable and efficient by continuing to provide discounted public transport, improving pay and conditions for bus drivers, and preparing to implement the Community Connect programme from 1 July 2023.

Our initiatives to support people to drive at safer speeds, including expanding the safety camera network, also reduce emissions and transport noise and improve air quality. This is important because air-borne pollution from transport contributes to the premature deaths of more than 2200 New Zealanders every year. In May 2023, we updated the Rightcar environmental ratings system so it more directly relates to impacts on human health. This is a positive step to help New Zealanders make informed transport choices and underscores our collective responsibility to create a safer, healthier and more sustainable transport system for everyone, that meets the needs of the way we live and work, now and in the future.

The reality of a changing climate and environmental conditions is already being felt across the motu. The severe weather events during 2022/23 highlight how important adapting the land transport system is to avoid ongoing disruptions, the emotional cost to communities and costly emergency responses. We published Tiro Rangi, our first climate adaptation plan, in December 2022. Tiro Rangi sets the climate adaptation goal that, by 2050, our land transport system is resilient in a changing climate to enable a system that improves wellbeing and liveability. Adapting to, and mitigating the effects of, climate change will be complex to get right, so we need a more sustainable approach, and to innovate and work smarter with iwi, our other partners, communities and the private sector.

The land transport system and our infrastructure activities have a significant impact on biodiversity and human health and wellbeing, and we are committed to being more environmentally and socially responsible in our work. We updated our environment and social responsibility policy in 2022/23 to reflect our operating context and address gaps, including working toward reducing land transport emissions, transitioning to lower emission infrastructure, adapting to climate change and using nature-based solutions. It also strengthens existing provisions on working with Māori, urban design and continuous improvement.

Being smarter in how we work and partner with others

As kaitiaki of the land transport system, it's our role to ensure everything is integrated – the people, infrastructure, services and vehicles.

We achieve great things when we demonstrate kotahitanga, working together inside and outside Waka Kotahi. Partnering with iwi, central and local government, and our supply chain underpins everything we do.

Over the last year, we changed how we work with our partners and stakeholders, taking a more collaborative approach and working to build the capability of our partners, the supply chain and those accountable to us. We are using an alliance model more, including in our infrastructure work and the response to severe weather events. The model has been successfully applied in Auckland for over a decade and used in the response to earlier emergency events. This model makes us focus on the customer, delivers better transport outcomes and is adaptable to the complex environments we work in.

Condition of the state highway network needs to be improved

The state highway network is one of the country's most important and valuable assets, helping people and goods move safely and efficiently across Aotearoa New Zealand. The network supports economic growth and is critical in connecting regions and communities. Our role, as investor and asset owner, is to maintain the state highway network for all New Zealanders.

The state highway network continues to grow and become more complex, and this larger network requires more repair and renewal. Increased freight, heavier vehicles and more intense weather events are also putting more pressure on the network. As a result, the condition of the network is worsening, which is affecting service levels, meaning the network is not as safe as it needs to be.

There has not been enough funding in maintenance and renewal over several years, at the same time as the scope of maintenance has increased. More complex infrastructure such as road safety barriers and new regulations to improve biodiversity and water quality outcomes mean existing funding is not at the level the network requires. Preventive maintenance, which helps limit the impact of emergency events, preserve pavements and minimise network disruption, is falling behind. We are also doing less road surfacing and pavement renewals than required to sustain the condition of the network.

We continued to work with The Treasury and Te Manatū Waka over the last year to understand the scale of investment required to support growth in sector capacity and increase the pace of our maintenance activities. Significant work and investment are required if we are to maintain the state highway network for a safer, resilient and more climate-friendly future. And this will take time.

Safety remained a priority

Deaths and injuries on roads have serious and wide-reaching impacts on people and communities. Moving toward the Road to Zero vision of a land transport system where no one is killed or seriously injured on the roads remained a priority during 2022/23. The vision and targets set in Road to Zero are highly ambitious and require system-wide changes. Over the last year, these changes needed to be balanced with other system-wide challenges such as increasing resilience of the land transport system, improving the condition of the state highway network and responding to emergency events.

Deaths and serious injuries increased in 2022/23, showing we have a long way to go to reach Vision Zero. It is important we hold the course on Road to Zero. We have had some successes that resulted in improved road safety behaviour, including the implementation of safer speeds around schools and marae. We have also set up our regulatory function to support a Safe System, introduced bilingual kura signs, and continued to make infrastructure improvements to help prevent crashes or, if they do occur, to stop people from being killed or seriously injured.

The government's policy reprioritisation in March 2023 significantly limited the scope of some of our safety programmes. These delays give us the opportunity to engage with communities to ensure we get the right safety outcomes for Aotearoa New Zealand as we continue to implement Road to Zero.

Case study

Te Ika-a-Māui North Island weather events

Climate change is having a profound impact on communities in Aotearoa New Zealand. Our climate change adaptation plan, Tiro Rangi, focuses on enhancing responses to climate change impacts. Significant weather events have far-reaching consequences, leading to disruptions in supply chains, causing shortages of essential goods such as food in supermarkets, and isolating vulnerable rural communities. The reliability of infrastructure networks is crucial for communities to withstand and recover from such climate-related shocks.

Te Ika-a-Māui North Island weather events highlighted the urgency of addressing the challenges posed by extreme weather events now and in the future. In response to these challenges, we have played a crucial role in community safety and recovery. We did an amazing job at bringing communities back together and ensuring critical supplies could get through. In the four days after Cyclone Gabrielle, contractors worked tirelessly in challenging conditions to clear slips, remove debris and carry out vital geotechnical safety inspections at dozens of affected sites.

'Our number one priority was restoring access to isolated North Island communities as soon as possible, to enable essential services and supplies to get through', said Mark Owen, our National Emergency Response team spokesperson.

Due to the extensive damage caused by the weather events, the recovery and rebuild will take a long time. Important decisions on how and where resources are allocated need to be made, and we need the appropriate funding to support recovery and rebuild. We already face financial pressures to adequately maintain and improve the transport network. Prioritising our response to the North Island weather events put additional strain on an already pressured funding situation. We need to balance response efforts with improving network resilience.

We and others in government need to prioritise investments in both repairing damage from the weather events and building climate-resilient infrastructure so the transport system is robust and capable of withstanding future shocks.



Progress against Budget initiatives and significant activities

Significant Budget initiatives

Through the Budget process, the government allocates funding to deliver its strategic objectives and priorities. The following table identifies where reporting on progress for significant Budget initiatives we deliver can be found.

Table 1 – Location of reporting on Significant Budget initiatives progress

Initiative	Year funded	Location
Implementing a Clean Car Standard	Budget 2021	Page 39 Page 192
Community Connect – Public Transport concessions for Community Services Cardholders	Budget 2022	Page 47 Page 196
Decarbonising the Public Transport bus fleet	Budget 2022	Page 40 Page 194
Establishment of the Clean Car Discount	Budget 2022	Page 39 Page 192
Mode shift and reducing Light Vehicle Kilometres Travelled – investments, planning and enabling congestion charging	Budget 2022	Page 40 Page 197
Retaining and Recruiting Bus Drivers – Improving Terms and Condition	Budget 2023	Page 47 Page 194
Initial Response to Cyclone Gabrielle and the January Flooding	Budget 2023	Page 27 Page 192

Significant activities

Our significant activities, identified in our statement of performance expectations for 2022/23,³ capture what we planned to achieve through our major programmes, strategies and initiatives. The following table identifies where reporting on progress for each activity can be found.

Table 2 – Location of reporting on significant activity progress

Significant activity	Location
● Safe	
1.1 Progress implementation of the safety camera management system, including the transfer of functions from New Zealand Police	Page 32
1.2 Make final recommendations to Cabinet for a revised regulatory funding and fees regime	Page 59
● Environmentally sustainable	
2.1 Embed our resource efficiency policy data collection and supplier reporting requirements into new contracts and continue negotiations for existing contracts to prepare for the Carbon Neutral Government Programme requirements	Page 182
2.2 Operationalise the Clean Vehicle Discount Scheme	Page 39
2.3 Establish and commence delivery of an integrated work programme for all Climate Emergency Response Fund funded, Emissions Reduction Plan and Carbon Neutral Government Programme activities that involve Waka Kotahi	Page 41
2.4 Partner with councils to develop and begin to deliver the 'cleaner transport choices' package, focused on rapid roll out of urban cycle networks; walkable neighbourhoods; safer, greener, and healthier school travel; and more reliable and user-friendly public transport	Page 40
2.5 Publish a national light vehicle kilometres travelled (VKT) reduction plan that is aligned to the national light VKT reduction target in the Emissions Reduction Plan	Page 40
2.6 Partner with councils, iwi/Māori and community representatives on planning for, and initial development of, light VKT reduction programmes for Tier 1 and Tier 2 urban areas that are aligned to relevant sub-national light VKT reduction targets	Page 40

³ Waka Kotahi (2022) Waka Kotahi tauākī o nga tūmanako whakatutukinga: Waka Kotahi NZ Transport Agency statement of performance expectations – 2023/24. Wellington: Waka Kotahi NZ Transport Agency. www.nzta.govt.nz/resources/nz-transport-agency-statement-of-performance-expectations-main-index/spe-2023-2024

● Effectively and efficiently moving people and freight

- | | | |
|-----|---|---------|
| 3.1 | Continue to implement our freight action plan to improve connections and movement of freight across the land transport system, whilst reducing emissions in line with Emissions Reduction Plan targets | Page 48 |
| 3.2 | Reassess and update land transport corridor plans to ensure longer-term corridor planning is consistent with emissions reduction objectives and ensure projects, landholdings and other asset planning processes are managed consistently with the updated plans | Page 49 |
| 3.3 | Sign the Participation Agreement for National Ticketing Solution with all parties (including all public transport authorities) and establish the transport and ticketing payments function for piloting and to deliver shared services | Page 47 |
| 3.4 | Progress planning for future rapid transit projects in Auckland (complete the Auckland Rapid Transit Plan with Auckland Transport Alignment Partners), Wellington (complete an indicative business case with Let's Get Wellington Moving) and Christchurch (progress an indicative business case in line with wider spatial planning work with Future Christchurch) | Page 48 |

● Meeting current and future needs

- | | | |
|-----|--|---------|
| 4.1 | Complete a review of value for money of Waka Kotahi operational spend | Page 56 |
| 4.2 | Implement measures to increase capability and capacity for road user charges compliance monitoring, debt collection and recovery | Page 57 |
| 4.3 | Identify bilingual traffic signs for consultation | Page 57 |

Applying the PBE FRS 48 reporting standard

The PBE FRS 48 standard, which forms part of generally accepted accounting practice, establishes requirements for reporting non-financial performance information. This is the first year Waka Kotahi is applying it to the annual report.

Our performance framework, set in the Waka Kotahi statement of intent 2021–2026, includes the measures and targets we are working to achieve. We regularly review and refine our system outcome, result, output class and appropriation measures to ensure they remain meaningful and relevant, including considering the qualitative characteristics and constraints of performance information set in PBE FRS 48.

In selecting and reporting measures, we have made some judgements and assumptions. Information on the judgements that have the most significant effect on the selection, measurement and presentation of performance measures are included alongside reported results and in the explanatory notes for non-financial performance measures on our website: nzta.govt.nz/resources/annual-report-nzta



Safe

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

Summary

Implementing Road to Zero

Road to Zero is the national road safety strategy for a transport system where no one is killed or seriously injured. The target is a 40 percent reduction in deaths and serious injuries by 2030 (from the 2018 baseline). This means we need to work with our partners, including New Zealand Police, Te Manatū Waka Ministry of Transport, and local government to ensure the transport system has safe infrastructure, speeds, vehicles, road user behaviour and workplaces.

There were 2894 deaths and serious injuries on the roads over the last year. This number remains unacceptably high. Despite some improvements, such as a reduction in deaths and serious injuries from crashes involving vehicles with low safety ratings and in crashes involving alcohol or other drugs, there were increases in many other types of crashes, including 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 Safety Camera System Programme and Speed Management Programme will improve road safety by establishing a streamlined process for speed management that involves setting safer speeds and implementing a more effective approach to speed enforcement.

Where safer speed limits have been set, for example around some schools and marae, we have seen positive changes in road safety behaviour. In March 2023, the government narrowed the focus of our approach to speed management to focus on the most dangerous 1 percent of state highways where there are the highest number of deaths and injuries and where communities support change. The Land Transport Rule: Setting of Speed Limits 2022 requires certified plans to be in place before we can make most speed changes, so we could not continue to deliver the full Speed and Infrastructure Programme as planned. To continue to support communities to move around safely, we increased the pace of delivering road safety infrastructure interventions such as median barriers and roundabouts. Over time, these interventions are expected to reduce deaths and serious injuries caused by the most common crash types. We are committed to Vision Zero and the targets set in Road to Zero and will continue to partner with communities to deliver road safety solutions that meet their needs.

Enforcement is important to make sure speed reduction changes have the greatest impact on reducing serious deaths and injuries. We know safety cameras discourage excessive speeds, improve compliance with speed limits, and reduce deaths and serious injuries. As part of the Tackling Unsafe Speeds Programme, we are delivering a new approach to safety cameras. Following a range of challenges, including delays in progressing the Land Transport (Road Safety) Amendment Bill and global supply chain issues with sourcing hardware, a staged approach to delivering the safety camera programme was agreed in December 2022. The new approach prioritises the expansion of the safety camera network to achieve greater reductions in deaths and serious injuries sooner. The transfer of existing cameras from New Zealand Police will start in July 2024, a year later than originally planned. The first stage, successfully completed in 2022/23, included setting up and testing a new safety camera prototype to ensure the equipment operated correctly with credible and robust detection performance.

Providing high quality regulatory services

As the lead regulator for land transport, it is our role to improve safety and reduce the risk of harm across the land transport system. Our regulatory function plays a significant role in achieving the ambitious target set in Road to Zero.

We need a sustainable funding model if we are to do a good job as regulator. Following consultation with a range of stakeholders last year, in March 2023, Cabinet agreed to a new funding model for regulatory funding, fees and charges. The new funding model is based on people paying the right and fair amount for the services they are getting and will mean changes to 170 fees and charges. These changes are planned to be implemented from October 2023.

We refreshed Tū Ake, Tū Māia, our regulatory strategy, in 2022/23. To help us continue to improve as a regulatory steward, the refreshed strategy takes a whole-of-system approach and broadens the definition of regulation, recognising that all of Waka Kotahi plays an important part in delivering the organisation's regulatory role. Since Tū Ake, Tū Māia was first developed in 2020, our delivery of regulatory services has stabilised and we're becoming more effective and consistent in our approach. At same time as we are maturing, the challenges we are facing are changing. We need to actively manage diverse and, at times, conflicting expectations for the land transport system. The new strategy recognises these challenges and reflects changes in the regulatory environment since 2020, including the establishment of the statutory role Te Kaiurangi the Director of Land Transport. Tū Ake, Tū Māia will help guide our work for the next decade as we seek to become more visible, agile, responsive and decisive in our regulatory approach and actions.

Case study

Te Tairāwhiti driver licensing trial

A driver licence is more than just a bit of plastic says Kane Patena, former Director of Land Transport.

‘Hearing the stories about just how much getting that driver licence means to people is heartening – the confidence it gives them, the freedom it gives them, the opportunities it provides’, he says.

Getting a driver licence opens the door to a world of opportunities – jobs, training, support for whānau and social connection. But access to driver licensing is harder for some communities than others.

A partnership between the Tairāwhiti Rural Education Activities Programme (REAP), Waka Kotahi and McInnes Driver Training is making it easier for more people in Tairāwhiti to gain their licence and benefit from the rewards of being licensed.

The Tairāwhiti trial is one of the initiatives being undertaken by the Driver Licensing Improvement Programme, a cross-agency programme we lead.

A key factor in the success of the trial has been the flexibility offered by new community driver testing officers. These officers work for community providers and test students who have completed a community driver licence support programme.

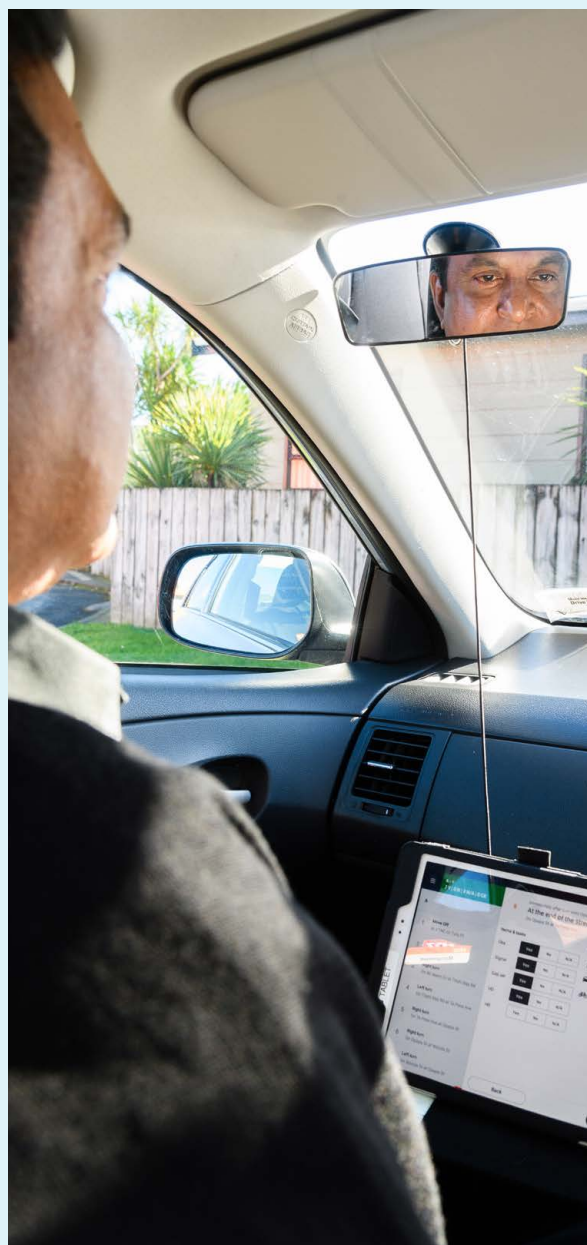
The trial involves the provision of pastoral care, transport and administration support by Tairāwhiti REAP and practical tests can be scheduled with the dedicated officers. These changes have seen an increase in the number of people moving beyond a learners licence and passing the restricted or full driving test.

Using community driver testing officers means community providers can offer more testing times, meaning a dramatic decrease in wait times for scheduling and rescheduling a practical test. Sometimes a re-test can now occur on the same day.

‘Waka Kotahi is listening to communities and is committed to trying new things to make driver licensing more equitable and accessible’, says Kane Patena.

‘If we continue on with this partnership for success approach that we’ve been able to deliver in Tairāwhiti, it will continue to deliver great outcomes for people,’ he said.

Tairāwhiti REAP is supported by the Community Road Safety Fund.



Measuring our performance

System outcome measures

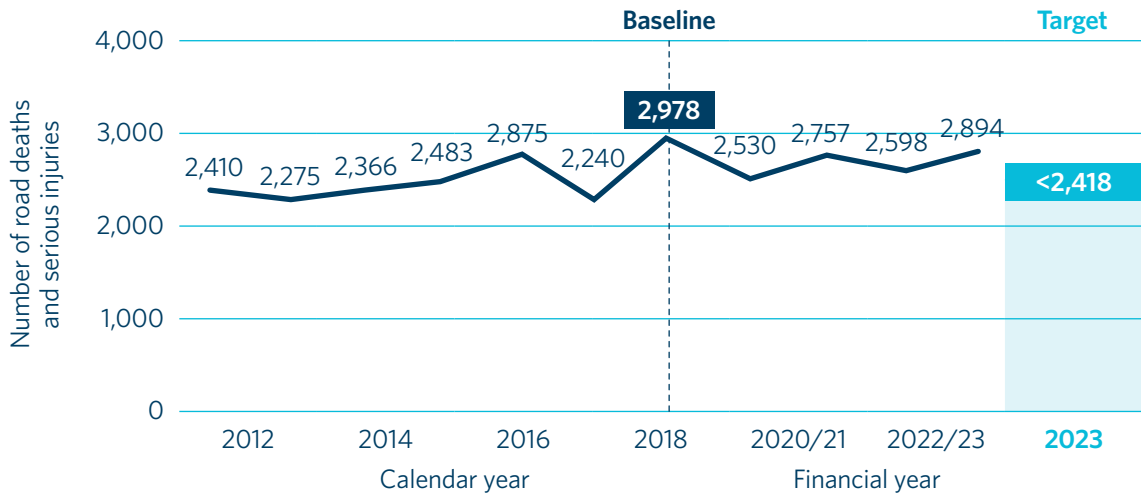
Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
SAFE1	Deaths and serious injuries ^{A B}	Not achieved	<2,418 ^C	2,894 ^D	2,598

Deaths and serious injuries (DSI) remain significantly higher than the target and have increased since 2021/22 (see figure 6).

While there has been some improvement in behavioural-related DSIs (see SRUB1), DSIs from head-on, run-off road and intersection crashes have increased (see STI1 and STI2). The Speed and Infrastructure Programme will help to make speeds and infrastructure safer. In 2022/23, the changes required to implement a new Cabinet direction for the Speed and Infrastructure Programme, along with low public support for speed changes in some areas, meant the programme couldn't be delivered as planned. For more information on how the Cabinet direction has affected programme delivery, see RTZ1, page 76.

We are working on increasing the delivery of speed and infrastructure changes through the programme. Where we have worked with communities to implement speed changes, such as around some marae and schools, we've seen improvements to safety. We're also continuing to work with our partners to increase the pace of delivery of key road safety infrastructure interventions, including median barriers and roundabouts. In time, these interventions will reduce DSIs attributed to the most common crash types (head-on, run-off road and intersection crashes).

Figure 6 - Deaths and serious injuries 2012-2023 (12-month rolling total)

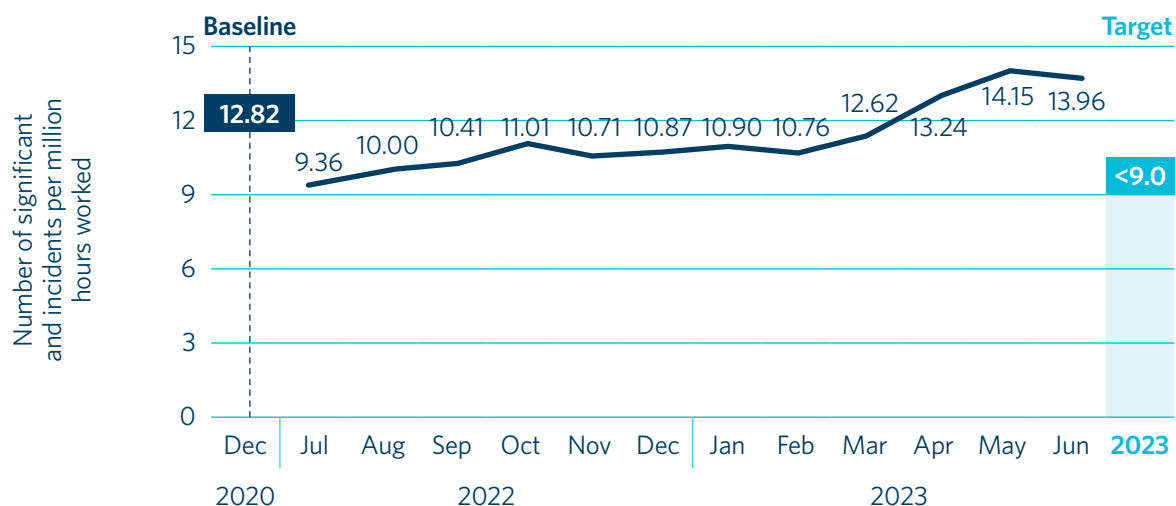


Reference Measure	Status	Target	2022/23 actual	2021/22 actual
SAFE2 Significant incident frequency rate	Not achieved	<9.0 per million hours worked	13.96 per million hours worked	9.32 per million hours worked

SAFE2 is the number of incidents per million hours worked, which can increase if more incidents are reported or if fewer hours worked are recorded. In 2022/23, multiple factors contributed to the increased SIFR. While the incident and work hour reporting systems have improved overall, contributing to more incidents being reported, technical issues in quarter four meant that work hours were underreported for the quarter. Additionally, reporting was not completed for some projects due to internal resource constraints.

We have since resolved the technical issues and continue to improve our reporting platform. Irrespective of the reporting platform challenges the result is not trending down as we intend. We continue to work with our partners and contractors to increase awareness and understanding of health and safety best practice, guidance and trends.

Figure 7 - Significant injury frequency rate, December 2020 - June 2023



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

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

^C The SAFE1 target for 2022/23 was to reduce below 2418 by 30 June 2023 (a 19 percent decrease from the 2018 baseline of 2,978). Our longer-term target is to reduce below 2085 by 30 June 2026 (a 30 percent decrease from baseline).

^D The Road to Zero dashboard which provides the result for SAFE1 is updated continuously. While we have retrospectively updated data from previous years in our systems, we have not changed the prior year actuals presented in this report.

Results measures

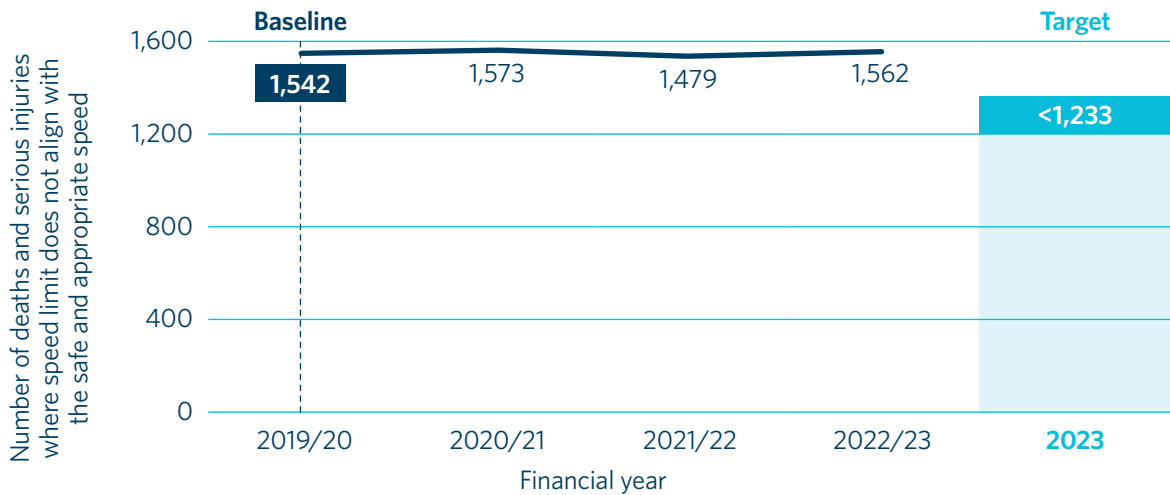
Safer travel and infrastructure

Improving the safety of transport infrastructure and setting safe speed limits to improve the safety of travel across all modes

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
STI1	Number of deaths and serious injuries where the speed limit does not align with the safe and appropriate speed	Not achieved	<1,233 ^A	1,562	1,479

Speed limit reductions are a proven intervention, and corridors where the speed limit has been reduced are showing improved safety performance. However, progress to reduce speed limits to safer and more appropriate levels has been slower than planned. Many local road controlling authorities are reducing speed limits, but progress to reduce speed limits on state highways has not progressed as quickly. The delayed delivery of the Speed and Infrastructure Programme has contributed to this result (see RTZ1 on page 76 for more information).

Figure 8 – Deaths and serious injuries where the speed limit does not align with safe and appropriate speed



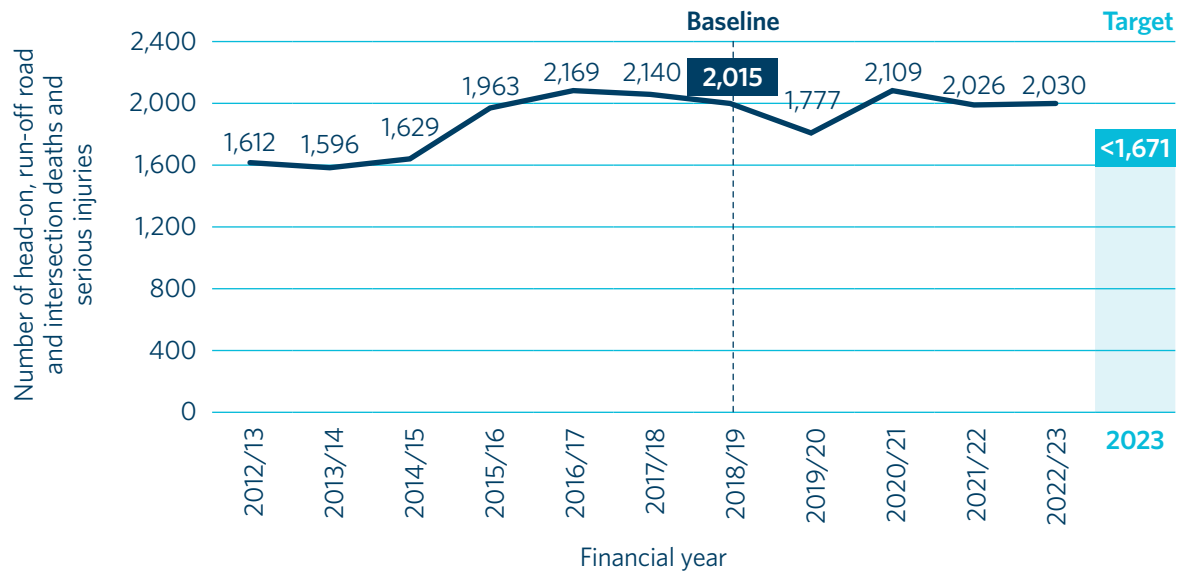
STI2	Number of head-on, run-off road and intersection deaths and serious injuries	Not achieved	<1,671 ^B	2,030	2,026
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DSIs for this indicator remain significantly above the target. As this indicator counts the three most common types of crashes, it is also affecting achievement of the overall DSI target.

The delayed delivery of speed changes on state highways as part of the Speed and Infrastructure Programme is likely to have contributed to this result. The causes of these delays are described in the commentary for RTZ1, page 76.

The programme is, however, increasing the pace of delivery of key road safety infrastructure interventions such as median barriers and roundabouts. In time, this will help to reduce DSIs attributed to the most common crash types (head-on, run-off road and intersection crashes).

Figure 9 - Deaths and serious injuries from head-on, run-off and intersection crashes



^A The ST11 target for 2022/23 was to reduce below 1,233 by 30 June 2023 (a 20 percent decrease from the 2019/20 baseline of 1,542). Our longer-term target is to reduce below 925 by 30 June 2026 (a 40 percent decrease from baseline).

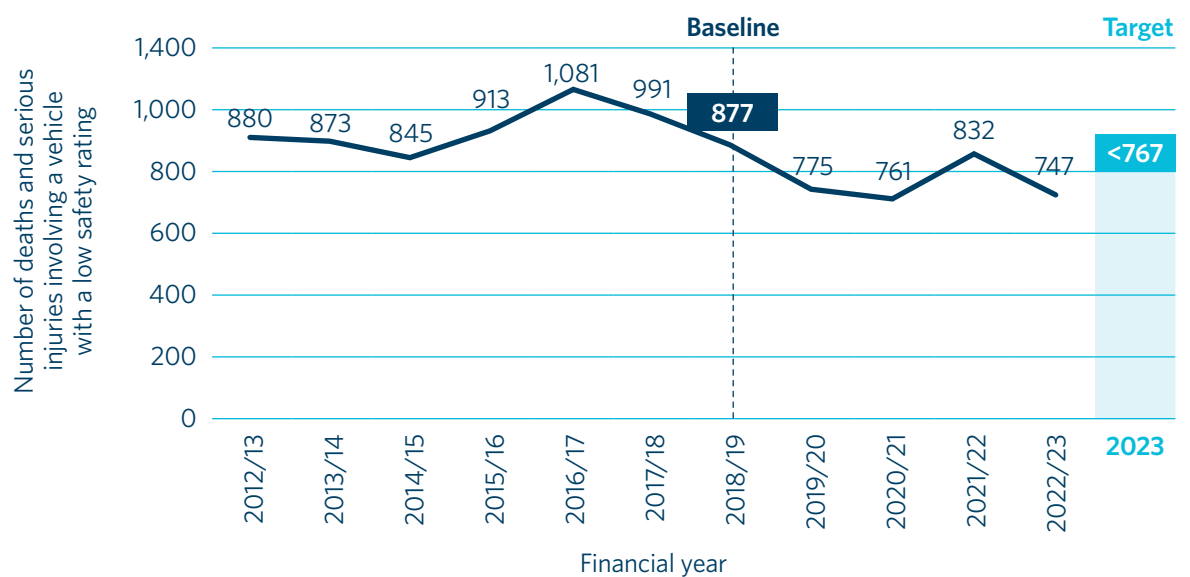
^B The ST12 target for 2022/23 was to reduce below 1671 by 30 June 2023 (a 17 percent decrease from the 2018/19 baseline of 2015). Our longer-term target is to reduce below 1411 by 30 June 2026 (a 30 percent decrease from baseline).

Safer vehicles

Encouraging more people to buy safe vehicles

Reference Measure	Status	Target	2022/23 actual	2021/22 actual
SV1 Number of deaths and serious injuries involving a vehicle with a low safety rating	Achieved	<767 ^A	747	832

Figure 10 - Deaths and serious injuries involving a vehicle with a low safety rating



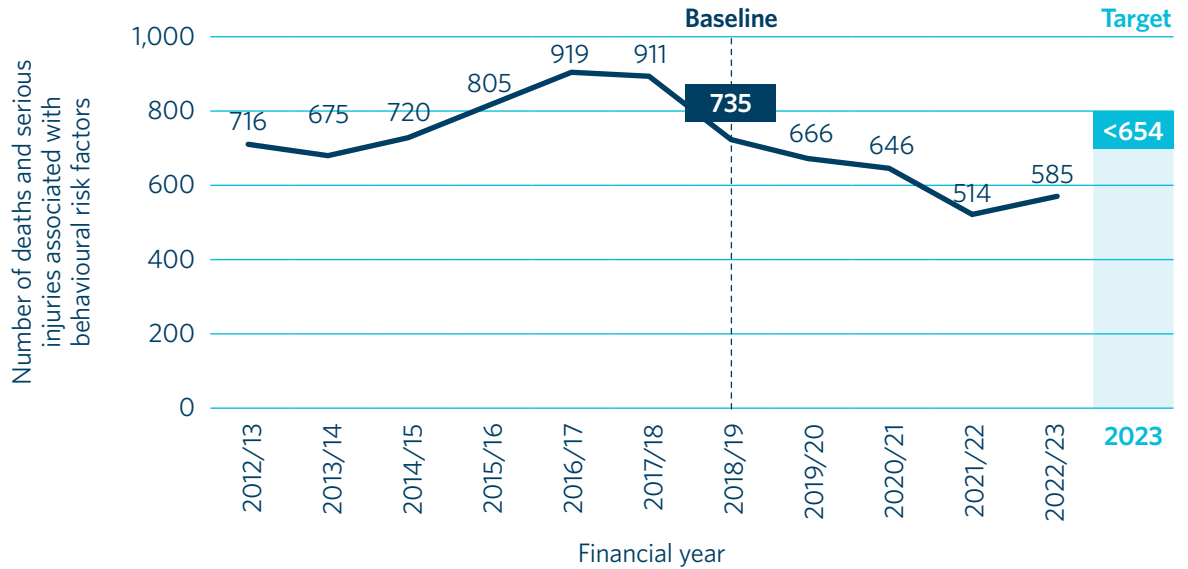
^A The SV1 target for 2022/23 was to reduce below 767 by 30 June 2023 (12.5% percent decrease from 2018/19 baseline of 877). Our longer-term target is to reduce below 702 by 30 June 2026 (20% percent decrease from baseline).

Safer road user choices

Encouraging safer road user choices and behaviours

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
SRUC1	Number of death and serious injuries associated with behavioural risk factors	Achieved	<654 ^A	585	514

Figure 11 - Deaths and serious injuries associated with behavioural risk factors (use of alcohol and other drugs, and the impact of driver fatigue and distraction)



^A The SRUC1 target for 2022/23 was to reduce below 654 by 30 June 2023 (a 11 percent decrease from the 2018/19 baseline of 735). Our longer-term target is to reduce below 588 by 30 June 2026 (a 20 percent decrease from baseline).



Environmentally sustainable

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

Summary

Reducing emissions from the land transport system

The government's Emissions Reduction Plan (ERP) provides clear direction to transition the country to a low emissions and climate-resilient future. The actions to reduce transport emissions will support a healthier, fairer and more accessible transport system, improved freight efficiency, better road safety outcomes, as well as more pleasant and vibrant spaces for everyone in the community to enjoy.

We, along with our transport sector partners, have a vital role to play in delivering the ERP and are working toward the target of a 41 percent reduction in emissions from the land transport system by 2035 (from 2019 levels). New funding from the Climate Emergency Response Fund will help us achieve the goals set in the ERP. The Decarbonising Transport Action Plan 2022–2025, published in December 2022,⁴ builds on the transport-related actions in the ERP and focuses on enabling New Zealanders to make transport choices that work for them and also reduce emissions.

Transport, primarily land transport, is the second largest source of greenhouse gas emissions and the fastest growing source of emissions in Aotearoa New Zealand. To monitor progress toward the ERP goal, we set a target of reducing emissions from the land transport system below 2019 levels. While this target was achieved, emissions from the land transport system increased in 2022/23 compared for 2021/22 (see ENV1 on page 43). Emissions are estimated to remain high over coming years before starting to decrease. 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 to see the results of our interventions.

Supporting the uptake of low emissions vehicles

The Clean Car Discount Scheme paid over \$342 million in rebates to New Zealanders who purchased low or zero emissions vehicles with a three-star or higher safety rating throughout the year. Since the scheme began in April 2022, the proportion of light vehicles that were low or zero emissions almost doubled, increasing from 0.98 percent to 1.86 percent (see ENV2 on page 44 for more detail). We also improved processes during the year to make it easier and quicker for customers to receive their rebate.

The Clean Car Standard took effect on 1 January 2023. The standard regulates light vehicle importers, with the aim of encouraging a greater supply of low and no emissions vehicle imports. To prepare for the standard, we collaborated with external partners, including industry, to develop a new technology system, operational policies and organisational processes.

⁴ New Zealand Government (2022) Mahere Hohenga kia Whakakorea te Waro ā-Kawenga 2022–25: Decarbonising Transport Action Plan 2022–25. Wellington: Te Manatū Waka Ministry of Transport. www.transport.govt.nz/assets/Uploads/MOT4716_Emissions-Reduction-Plan-Action-Plan-PO4-V02.pdf

Despite a slight increase over the last year, the proportion of low emissions vehicles in the light vehicle fleet remains low at 1.9 percent. This highlights the system-wide challenge we face in meeting the ERP target of 30 percent low emissions vehicles in the light vehicle fleet by 2035. Progress in decarbonising vehicles was slowed down by the government's policy reprioritisation in March 2023, which stopped the Clean Car Upgrade and Social Leasing Car Schemes. These schemes were intended to support the public to access more environmentally friendly modes of transport and improve equity of access to cleaner cars.

Providing more sustainable and climate friendly transport options

Alongside decarbonising the country's light vehicle fleet, providing better transport options and improving urban form will be important ways to reduce transport emissions. We developed a national reduction plan for light vehicle kilometres travelled (VKT) in 2022/23, although it has not yet been published. This plan sets out what we will do to achieve the ERP target in partnership with others.

We're also working in partnership with local government, iwi/Māori and community representatives to develop VKT reduction programmes for major urban environments. As these urban environments have the greatest population growth, they also have the greatest capacity to achieve reductions in VKT if lower emissions transport options such as cycling, walking and public transport are safer, more accessible, pleasant, reliable and affordable for people. In 2022/23, we began working with our partners to develop VKT reduction programmes in Auckland, Christchurch, Wellington, Tauranga and Hamilton. We expect these plans to be published by 30 June 2024.

Transitioning the public transport bus fleet from diesel-fuelled to zero or low emissions vehicles will help meet the country's emissions reduction targets. During 2022/23, we engaged with the sector to understand the challenges it is facing and designed a contestable fund to give financial support to public transport authorities as they begin to decarbonise their bus fleets. The contestable fund was announced in April 2023, with the first recipients announced in September 2023. This is a major step towards the target of complete decarbonisation of the bus fleet by 2035.

The Transport Choices Programme will provide people with more transport options and make it easier to travel in ways that are good for everyone and the environment. During 2022/23, we supported councils across the motu to apply for Transport Choices funding, moderated the expressions of interest and provided recommendations to the government. An indicative package of 46 councils and projects was identified in December 2022 and Waka Kotahi has been working one-on-one with councils across the motu to scope these projects. The final package of projects will be confirmed in December 2023. By 30 June 2023, one had started construction in Auckland and one had been completed.

As the lead transport system investor, planner and regulator, we are committed to working with our partners, central and local government, and communities to support New Zealanders to choose more climate-friendly transport options. We continue to look at how things can be done differently across the system, keeping our customers at the centre. The scale of change required to reduce emissions means further government policy changes and investment are required to meet the ambitious ERP targets.

Adapting the land transport system to be more resilient to climate change

Climate change adaptation is one of the biggest challenges facing the country. The increased frequency and intensity of extreme weather events during 2022/23 significantly tested the resilience of the land transport system, disrupted supply chains and isolated communities. While our responses to the severe weather events throughout the year enabled networks and communities to be reconnected as quickly as possible, these events highlight the importance of adaptation and how quickly the country needs to make progress.

The government released the National Adaptation Plan in August 2022 to enable New Zealanders to prepare for and adapt to the impacts of climate change. A critical action in the plan is for us to develop a plan for adapting the land transport system to the reality of a changing climate.

Our plan, Tiro Rangi, was published in December 2022. It brings together the resilience work already under way on the transport network and includes new adaptation actions. Through implementing Tiro Rangi, we will lay a strong foundation and begin the step change for climate adaptation in the way we plan, invest in, design, operate and use the land transport system.

We're developing a transition plan to identify the resources we need to deliver the 21 high level actions in Tiro Rangi and have started work on some of those actions.

Developing an integrated work programme and reducing our own emissions

Our roles, responsibilities and programmes of work continue to increase as we work toward the national emissions reduction and adaptation goals for the land transport system.

In 2022/23, we developed and began to deliver an integrated work programme, bringing together all Waka Kotahi activities required under the ERP (including those funded through the Climate Emergency Response Fund), the National Adaptation Plan and the Carbon Neutral Government Programme. We also developed a climate action tracker tool, an internal view of actions we are accountable for, to help us monitor and manage our actions efficiently and provide decision makers with more transparency and insight into our climate response. We'll continue to refine the tracker in 2023/24.

Toitū te Taiao, our sustainability action plan, sets our vision of a low carbon, safe and healthy transport system. It also identifies the actions we will take to respond to the challenges of reducing transport system greenhouse gas emissions, reducing harm to public health, and reducing our environmental impact and corporate emissions. Our progress in delivering Toitū te Taiao is described throughout this report and summarised in appendix 1, page 168 to 173.

The Carbon Neutral Government Programme aims to accelerate the reduction of emissions within the public sector. Guided by Toitū te Taiao, we have reported on our efforts to reduce corporate emissions in the last two years. This year, we are also required to report on our non-corporate emissions, which come from the construction, maintenance, operation and end-of-life processes of our physical assets (including the state highway network). The scale, volume and nature of our infrastructure activities and assets mean we have significant embodied carbon emissions, and accurately capturing data on these emissions is a considerable challenge. To collect the information we need to understand

our carbon footprint, we continued negotiations with suppliers to update data collection and reporting requirements for existing contracts and included requirements in new contracts. These negotiations are complex and will continue in 2023/24. We also scoped the requirements for a new digital platform to enable the accurate capture of corporate and non-corporate emissions, and will procure the new platform in 2023/24 to support enhancing reporting and target setting in the future.

Our progress in fulfilling the intent of the Carbon Neutral Government Programme is summarised in appendix 1, page 178 to 182.

Case study

Timaru parklet

The Timaru District Council is the first of 46 councils to deliver a project from the government's Transport Choices Programme. The nationwide \$350m programme is giving communities a wider variety of sustainable transport options designed to help cut the country's carbon emissions.

The MyWay parklet in Timaru introduces new relocatable seating and stopping bays for MyWay vans. MyWay is an on-demand transport service, and an alternative to the city's previous scheduled, timetabled bus service. MyWay is a transportation service operating in Timaru, providing affordable and environmentally friendly transport solutions. With a strong focus on accessibility and customer satisfaction, MyWay aims to revolutionise public transport and contribute to a sustainable future.

The Timaru District Council mayor, Nigel Bowen, says the parklet has brought public transport right into the heart of Timaru for the first time and was raising the profile of the

service. 'Ensuring public transport is accessible and desirable is a really important part of making people want to choose environmentally friendly options.'

'This funding means we can do things we might not have been able to do before. We can provide more environmentally friendly transport choices for our people and make things more accessible for people who find it trickier to get around in traditional ways. We're excited to trial this new parklet and get cracking into the other projects that are being funded through Transport Choices', he said.

'All our contributions, both big and small, towards a healthier transport system have an impact', says Kathryn King, our manager of urban mobility. 'Projects like the parklet in Timaru are important in contributing to more vibrant communities. Interim measures like this parklet can build confidence and highlight the benefits really quickly - in turn prompting confidence for a more permanent change.'



Measuring our performance

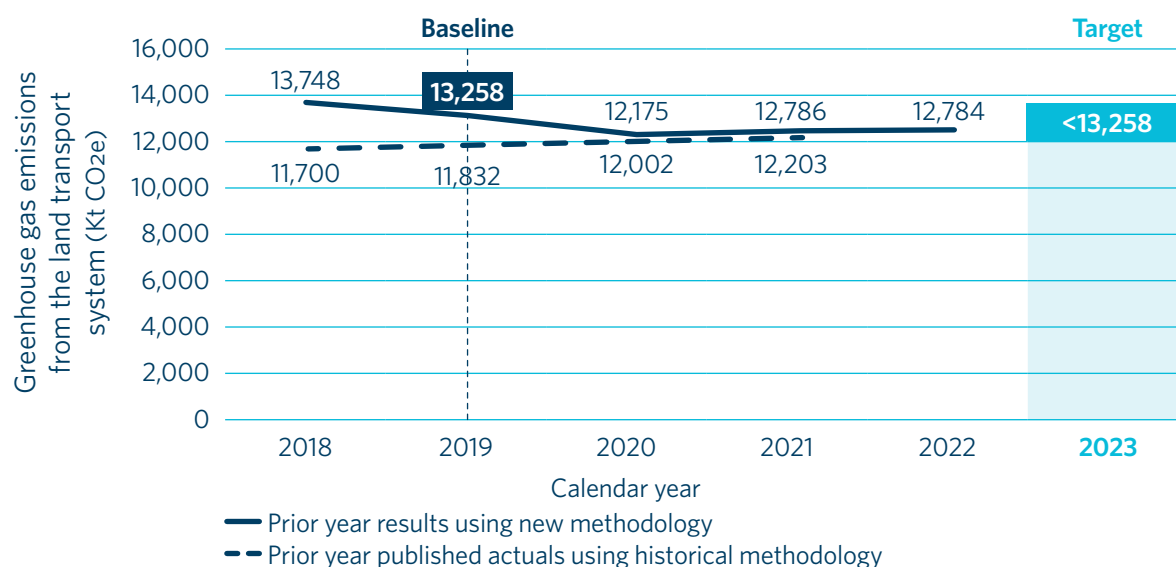
System outcome measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
ENV1	Greenhouse gas emissions from the land transport system ^A	Achieved	Decreasing trend (from the 2019 baseline of 13,116 kilotonnes of CO ₂ e)	12,784 kilotonnes of CO ₂ e	Not comparable due to methodology change (see figure 12)

As signalled in our 2021/22 annual report, in 2023 we adopted the Ministry for the Environment’s approach to measuring greenhouse gas emissions. Details of the new approach are in the performance measure explanatory notes on our website: nzta.govt.nz/resources/annual-report-nzta

When we recalculated historical figures using the new approach, the result for our baseline year (2019) changed from 11,832 kilotonnes of carbon dioxide equivalent (Kt CO₂e) to 13,116 Kt CO₂e. Relative to this revised baseline, greenhouse gas emissions have fallen since 2019 (see figure 12).

Figure 12 – Greenhouse gas emissions from the land transport system



Method

The methodology for calculation of ENV1 is aligned to the NZ Greenhouse gas (GHG) Inventory methodology for measuring road transport emissions⁵. The NZ GHG inventory is the official national reporting required under the UN Framework Convention on Climate Change and the Kyoto Protocol. The NZ greenhouse gas inventory results tend to be published with a 15-month delay in April each year. Waka Kotahi has applied the same calculation methodology and input assumptions as the GHG Inventory calculation to calculate the results for 12-month periods ending on 31 December. The calculation is prepared on a calendar year basis so that the ENV1 results directly align to the GHG Inventory results over time.

The methodology for calculation of 2022 emissions utilises MBIE annual fuel data for land transport for the 12 months to 31 December 2022: <https://www.mbie.govt.nz/assets/Data-Files/Energy/nz-energy-quarterly-and-energy-in-nz/oil.xlsx>

⁵ To date we have not included rail data in the land transport emissions result for ENV1 as this was not available in the previous calculation methodology through the National Vehicle Emission Database. Rail also has only a minor contribution to land transport emissions.

Assumptions

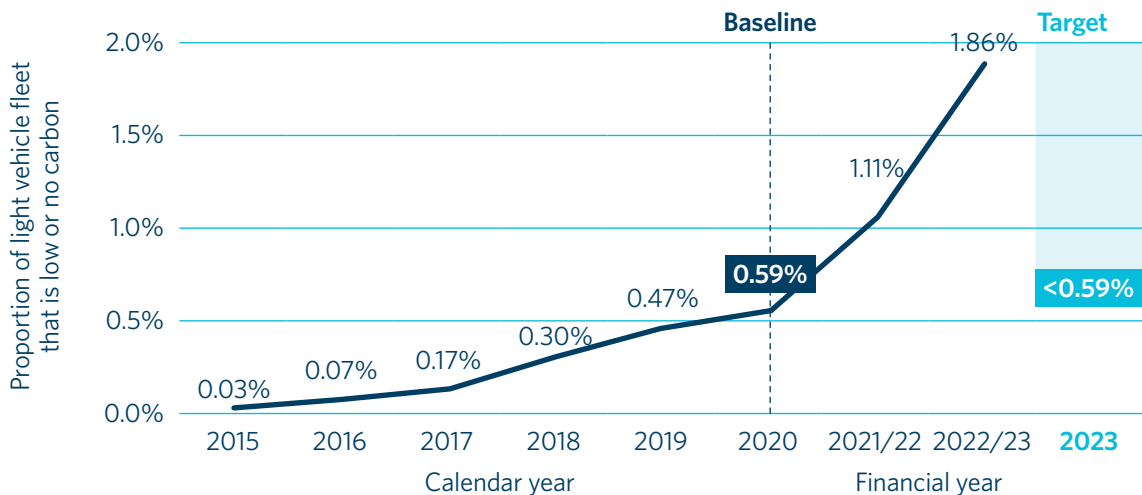
Road transport data relates to on road vehicle use. Findings of the EECA Off-road liquid fuel insights report have been used by MBIE to remove the off-road fuel consumption from the reported MBIE annual fuel data ⁶. Using a top-down approach using MBIE fuel data that aligns with and effectively replicates the MfE GHG Inventory methodology is considered to be the most robust approach for national level reporting.

Limitations

Findings of the EECA Off-road liquid fuel insights report have been used to revise the national fuel consumption for land transport data reported by MBIE. This approach has limitations as the off-road fuel calculation relies on the results of one-off survey data and the survey of recreational boat owners required self-reporting. MBIE fuel data are based on supplier and distributor reports, and therefore there may be a delay which has not been accounted for between when the fuel is supplied to a retailer, and the time the fuel is consumed.

ENV2	Proportion of the light vehicle fleet that are low or no carbon vehicles ^B	Achieved	Increasing (from 2020 baseline of 0.59% ^C)	1.9%	1.1%
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Figure 13 – Percentage of the fleet that is low or no carbon



^A For ENV1 data is shown for the last full calendar year, for example 2022/23 is for the 2022 calendar year.

^B This measure has been revised to align with the ERP transport sector target. Zero-emissions vehicles in the ERP include hybrid EVs.

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

⁶ The report can be found at <https://www.eeca.govt.nz/assets/EECA-Resources/Research-papers-guides/Off-road-liquid-fuel-insights.pdf>

Results measures

Increased protection of the environment

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

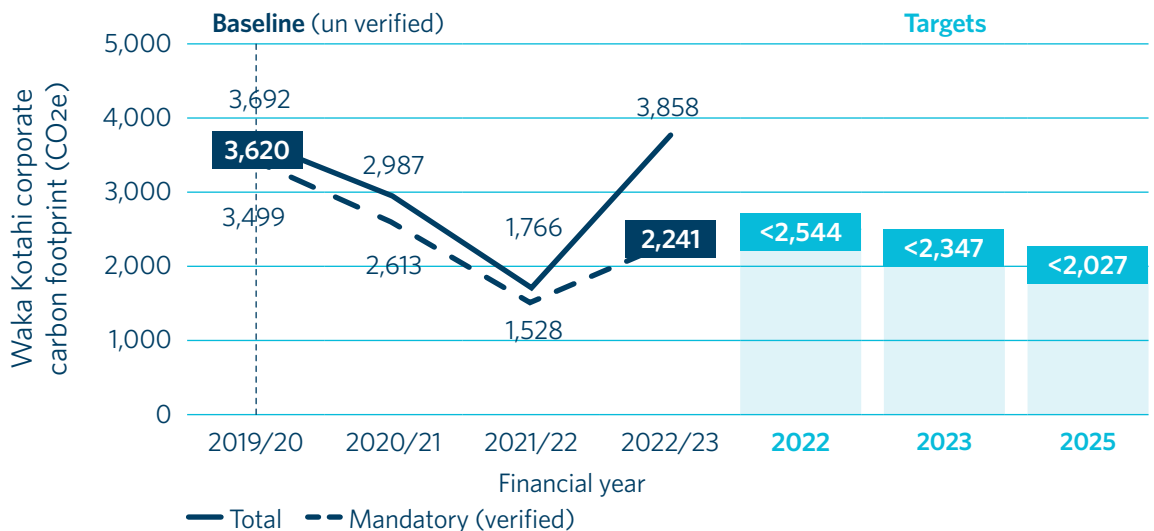
Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
IPOE1	The percentage of projects that are undergoing an Infrastructure Sustainability Council (ISC) rating are progressing on track to achieve an Infrastructure Sustainability (IS) rating	Achieved	Maintaining or increasing	100%	Baseline not set
IPOE2	Waka Kotahi corporate carbon footprint	Achieved	<2,544 tonnes CO ₂ e	2,240.97 tonnes CO ₂ e	1766.17 tonnes CO ₂ e (unverified)

The version of IPOE1 published in the 2022/23 SPE attempted to capture forecast ISC - IS points. After the SPE was published, we found it was not possible to forecast project points as the ISC - IS scheme was still early in its implementation. This meant we couldn't set a baseline in 2021/22 as intended and had to revise the measure and methodology. This report uses the revised measure wording from the 2023/24 SPE, which captures the percentage of projects on track to achieve an IS rating.

Using the new methodology, the 2021/22 baseline is 100%, as all six registered projects were on track to meet ISC award level requirements and achieve the rating. This result has been maintained for 2022/23; at 30 June 2023, all six registered projects were on track to achieve the rating.

Our corporate emissions figures are verified independently each year by Toitū Envirocare. Our annual reports publish the unverified figures, as the verification process is only completed after the annual report has been finalised. The prior year actuals stated in this section, including in figure 14, use the verified figures, rather than the figures published in previous annual reports. Prior to CNGP reporting requirements coming into effect in 2022/23, IPOE2 reported on total corporate emissions. When new reduction targets were set as part of the CNGP, these used mandatory emissions only. Figure 14 shows total and mandatory verified emissions, as well as the unverified baseline figure that was published in our 2022/23 SPE. The sharp increase in total between 2021/22 and 2022/23 was due to the addition of estimated emissions from staff commuting (non-mandatory) to the total emissions figure, which were added for the first time in 2022/23.

Figure 14 - Waka Kotahi corporate carbon footprint (tonnes of CO₂e)





Effectively and efficiently moving people and freight

Effectively and efficiently moving people and freight is about ensuring networks are available and reliable with a focus on increasing the uptake of efficient, cost-effective, low carbon transport options

Summary

Keeping communities connected

As kaitiaki of the land transport system, we are responsible for partnering with others to keep people and products moving and communities connected. A key part of this is improving the resilience of the land transport network. This means undertaking preventive work to improve safety and reduce the impacts of natural hazards, as well as enabling effective recovery from sudden disruptions with a return to normal levels of service as quickly as possible.

The reality of a changing climate is already being felt across the motu with the number of weather events affecting the transport network growing from 271 in 2021/22 to 512 in 2022/23. Many parts of the country, including Marlborough, Nelson, Wellington and Northland, were cut off by a large-scale weather system in August 2022 that caused flooding, slips and washouts. The land transport network was further damaged in early 2023, particularly in Te Ika-a-Māui North Island. Responding to and recovering from severe weather events such as these was a priority for us throughout the year and meant other planned work needed to be paused or deferred. The additional work has also added pressure to our already strained funding system.

The recovery and rebuild from the severe weather events during 2022/23 will take time. Most of the country has been affected by serious weather-related emergency events in recent years, and many corridors are still relying on interim solutions such as single lanes, detours or Bailey bridges.

For the North Island weather events, our response and recovery approach has three phases: emergency response, providing community access and rebuilding smarter for long-term resilience. Following the weather events in March 2023, our immediate priority was to work with our partners to open emergency access and lifeline networks to isolated communities. We have now started network assessments and planning for the recovery in each affected region, recognising that each affected corridor will have different needs and solutions.

Through the recovery process we are building on the work we have done in recent years to adapt the land transport network and develop more efficient emergency works processes. In the East Coast, for example, we've confirmed an interim agreement for a collaborative alliance involving KiwiRail, Downer, Fulton Hogan and Higgins to enable a collaborative and flexible recovery. The rebuild approach for regions outside the East Coast used our Network Outcome Contracts suppliers, as well as setting up separate recovery contracts for harder hit areas.

We will continue to work across government, particularly with Te Manatū Waka Ministry of Transport and The Treasury, as we look at what it means to build smarter, safer and more resilient infrastructure for the whole country. We are committed to improving the condition and resilience of the land transport network, including through delivering the actions set in Tiro Rangi. Funding and legislative decisions taken by Cabinet and Parliament over coming years will influence how we support communities to rebuild and become more resilient.

Encouraging mode shift

During 2022/23, one in five trips in urban areas was by public transport or active mode. By making it easier for people to travel using public transport or active modes, we can reduce light vehicle movements in towns and cities. This will reduce greenhouse gas emissions, air and noise pollution and traffic congestion and will provide more options for people in how they move around.

To improve public transport networks across the country, in 2022/23 we worked with the sector to address bus driver shortages by providing better pay and conditions for staff. International recruitment of drivers also restarted following confirmation of a transport sector agreement. We've had positive feedback from our Operations team, which is receiving more driver applications and noticing reduced driver turnover. This will continue to be an area of focus in 2023/24 as we aim to make bus services more frequent and reliable.

Half-price public transport fares for all New Zealanders came to an end on 30 June 2023. During 2022/23, we worked with the sector to prepare for the implementation of Community Connect. This programme provides half-price public transport fares for all Community Service Card holders and those aged 13 to 25, and free fares for children under 13. Community Connect will improve access to transport and reduce congestion as well as supporting our safety and emissions reduction targets.

Another way we are making public transport easier and more accessible is through the National Ticketing Solution (NTS). The NTS will use a nationally coordinated approach to payment for public transport services. Customers will be able to pay for public transport using easy-to-use payment methods such as bank-issued contactless cards and the new technology will automatically make sure customers are charged the best possible fare. In October 2022, we, public transport authorities and the supplier of the solution signed a participation agreement. We started work on designing and developing the solution, working closely with our partners and suppliers, and progressed the establishment of a shared services function within Waka Kotahi to provide ongoing support for partners as the NTS is implemented.

Through the Climate Emergency Response Fund programme, we're delivering initiatives to help the country transition to a more climate-friendly, accessible and equitable transport system. These initiatives, including developing a nationwide VKT reduction plan and delivering Transport Choices, will contribute to mode shift by changing the way people move around towns and cities, establishing convenient and affordable public transport networks and reducing reliance on cars.

Improving freight networks

Efficient, reliable and resilient freight networks are vital for a thriving economy. The disruptions to supply chains due to COVID-19 and more frequent severe weather events causing damage to transport networks have shown how important it is to have reliable networks to keep freight, and the economy, moving.

We continued to implement our freight action plan to improve connections and the movement of freight across the country, while reducing emissions in line with ERP targets.

Most freight in Aotearoa New Zealand is moved by road. Travel times were less predictable in 2022/23 than in 2021/22, reflecting the return of urban congestion to pre-COVID-19 levels, the impacts of severe weather events and road closures.

To reduce greenhouse gas emissions from freight movement, we need to both increase efficiency and use more climate-friendly options such as rail and coastal shipping. The Rail Network Investment Programme, released in 2021/22, aims to restore the national rail network to a resilient and reliable state. We supported KiwiRail in the second year of the programme, with \$455 million invested in the programme during 2022/23.

As well as supporting our emissions reduction and safety outcomes, coastal shipping is a reliable and resilient alternative to land transport. Coastal shipping has an important role to play as severe weather events and emergencies continue to damage the land transport network. During 2022/23, we worked with the sector to set the foundations so coastal shipping can play a greater role in moving freight. 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. 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.

Investing in infrastructure to improve transport outcomes

In partnership with other government agencies, iwi and local authorities, we continued to invest in infrastructure improvements to the land transport network. During 2022/23, this included improvements in public transport, walking and cycling infrastructure, state highways and local roads. For more information on what was delivered in 2022/23, see the NLTF annual report on pages 233 to 247.

We continued to work with our partners to progress planning for future rapid transit projects in Auckland, Wellington and Christchurch. These projects will support city growth, enable effective urban development, and make it easier and safer for people to move around. Indicative business cases for Let's Get Wellington Moving and mass rapid transit in Christchurch were endorsed in 2022/23. Completion of the Auckland Rapid Transit Plan was delayed so it can be integrated with the Auckland Rail Network, Auckland Light Rail and Waitemata Harbour Connections business cases.

Our corridor plans provide a link between long-term planning, such as Arataki – out 30-year plan – and the National Land Transport Programme (NLTP) by setting out the pressures on the corridor, its current state and planned investments. To make sure longer-term corridor planning is consistent with emissions reduction objectives, we began reassessing the various planning programmes. This includes work on the state highways investment proposal for the next NLTP and further work to refresh Arataki. This work will continue in 2023/24.

Case study

Ara Tūhono snaps up top global sustainability rating

The new Ara Tūhono – Pūhoi to Warkworth motorway opened in June 2023, providing an efficient, safe, modern and resilient corridor connecting Tāmaki Makaurau Auckland and Te Tai Tokerau Northland. It is estimated that more than 7000 people worked over 8 million hours to build this new road. This significant and complex project relied on trusted partnerships, including with our treaty partners Hōkai Nuku.

Ara Tūhono – Pūhoi to Warkworth motorway was also awarded a silver sustainability rating by the American-based Greenroads programme – the highest score ever awarded by Greenroads. Run by the Sustainable Transport Council, Greenroads is an independent third-party review of the environmental, social, and economic performance of transportation infrastructure projects and challenges project teams to go beyond business as usual.

The Ara Tūhono rating reflects the project team’s commitment to sustainability and to ensuring decision making on the project was considered through a sustainability lens. Ara Tūhono now holds Greenroad’s top sustainability score in the world.

National Manager Programmes and Standards, Vanessa Browne, says the amazing result is a testament to the absolute dedication of everyone in the team who contributed to reducing Waka Kotahi’s impact on the environment and helping to preserve the biodiversity and natural heritage along the route.

‘A huge congratulations to the project team in achieving this rating which will be experienced by users of the road and the local community for generations to come,’ she says.

Project Director Jon Patman says there are many examples of how project design and sustainability have been integrated into the project. He’s particularly proud of the Kauri Eco Viaduct, which protects a significant stand of kauri and other native trees that form a northern gateway.

Other highlights include:

- sediment and erosion controls during earthwork operations to protect the Mahurangi and Pūhoi Rivers, including 45km of protective silt fencing and 150 sediment retention ponds
- protections for the local ecology including the planting of kauri dieback resistant trees to help prevent the disease from spreading, and contributing to public awareness
- more than 100 hectares of plantings in forests, wetlands, alongside streams, on fill sites, and across new landscaped areas
- species relocation of threatened plants and animals into suitable habitats including 39 gecko, almost 1000 freshwater crayfish (koura) and 1045 freshwater mussel (kākaahi)
- strong collaboration and partnership with Hokai Nuku (the collective iwi of the area) to design and implement the environmental initiatives and cultural recognition of the project.

Climate change resilience has been factored into many aspects of Ara Tūhono including a porous road surface that can contribute to decreasing the risk of surface flooding, rockfall mesh barriers to catch any falling debris, and efficient drainage, with 46 culverts designed to maintain natural fish migration routes.

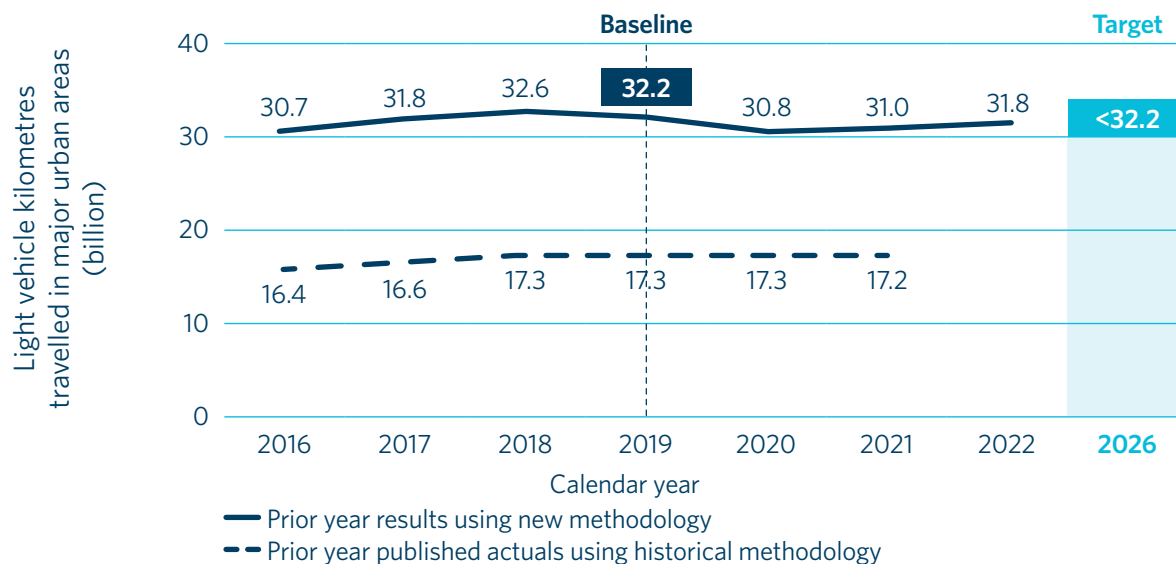
Measuring our performance

System outcome measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
MOVE1	Light vehicle kilometres travelled in main urban areas ^A	Achieved	<32.2 billion kilometres by 2026	31.8 billion kilometres	Not comparable due to methodology change (see figure 15)

As indicated in our 2022/23 SPE, this measure has been updated to align with the ERP transport sector target, including a new calculation method resulting in changes to the baseline and targets. For the full methodology, see VKT and GHG emissions baseline report – a research note (available at nzta.govt.nz/resources/research/notes/008/). The published 2021/22 actual is not comparable due to the methodology change. Using the new methodology, the prior year actual is 31 billion.

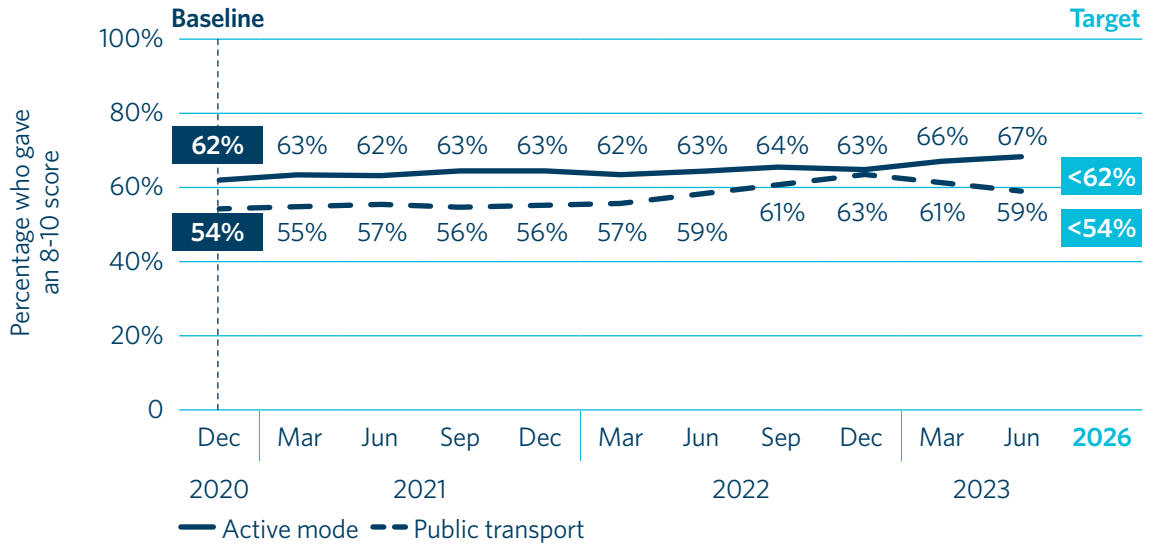
Figure 15 - Light vehicle kilometres travelled in major urban areas (billion)



MOVE2	User experience of transport network by mode ^B	Achieved	Improving (from December 2019 baseline)	Public transport 59% Active modes: 67%	Public transport 59% Active modes: 62%
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The results for 2022/23 continue to be above the December 2019 baseline (54 percent for public transport and 62 percent for active mode). Between 2021/22 and 2022/23, the result improved for active modes, but remained the same for public transport.

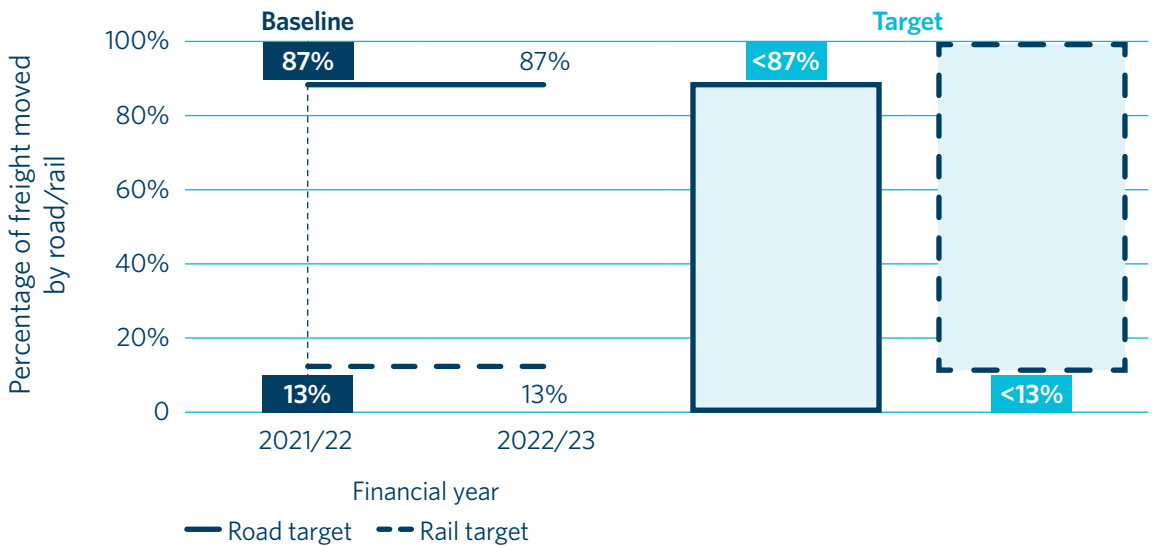
Figure 16 – Self-reported user experience by mode



MOVE3	Freight mode share of road and rail	Not achieved	Decreasing for road/ increasing for rail (from 2021/22 baseline)	Road 87% Rail 13%	Road: 87% Rail: 13%
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Although there has been a modest decrease in the average weight of road freight (4 percent) and rail freight (5 percent), the proportion of freight moved by road (87 percent) remains unchanged. The result for MOVE3 is calculated using a freight tonnage model developed by Te Manatū Waka, which was adjusted during 2022/23 for one vehicle type. We have recalculated historical figures using this adjusted model (see figure 17).

Figure 17 – Freight mode share (road and rail)



^A Major urban areas refer to tier 1 and tier 2 council areas.

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

Results measures

Improved resilience to disruptive events

Improving the ability of the land transport system to withstand, absorb, adapt, respond and recover from unplanned disruptive events

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
RES1 (SHM4)	Proportion of unplanned road closures resolved within standard timeframes	Not achieved	Weather events: $\geq 50\%$ Other events: $\geq 90\%$	Weather events: 53% Other events: 86%	Weather events: 58% Other events: 85%

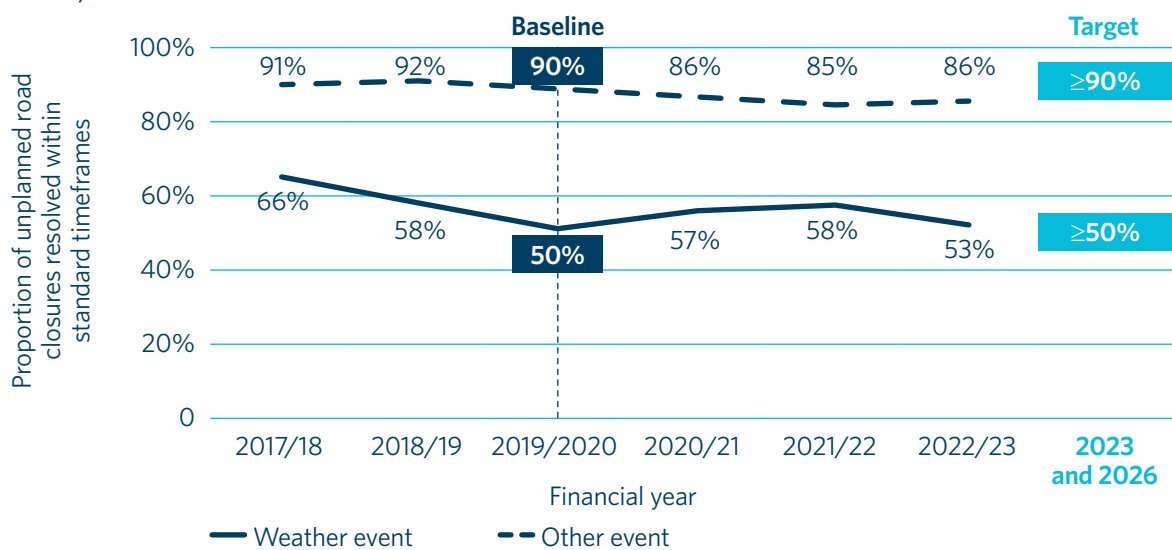
The total number of events leading to unplanned road closures increased between 2021/22 and 2022/23, from 272 to 504 for weather events and 568 to 670 for other events.

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.

Figure 18 - Proportion of unplanned road closures resolved within standard timeframes, 2017/18 - 2022/23



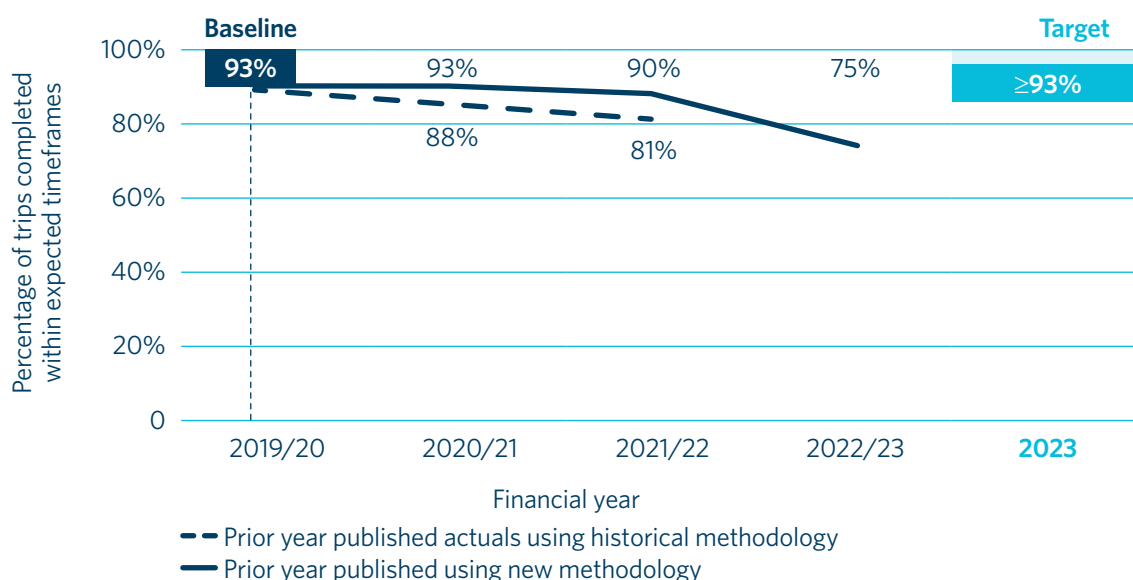
More reliable freight network

Improving network predictability

Reference Measure	Status	Target	2022/23 actual	2021/22 actual
MRFN1 Interpeak predictability of travel times on priority freight routes	Not achieved	Maintain or increase (from 2019/20 baseline of 93%)	75%	81%

The methodology for this measure was revised during 2022/23 to make it easier to understand and to provide a truer reflection of performance. The revised methodology determines if interpeak journey times (journeys between 10am and 2pm) on priority freight routes are predictable by comparing journey times with a typical experience in the previous financial year, using a 12-month rolling median. See the explanatory notes on our website for more detail about the revisions to the measure methodology: nzta.govt.nz/resources/annual-report-nzta. Historical results using both the old and new methodology are shown on figure 19. This year's 12-month rolling median comparison is unfavourable due to urban traffic congestion returning to pre-COVID-19 levels and the impacts of weather events and road closures.

Figure 19 - Interpeak predictability of travel times on priority freight routes, 2019/20 - 2022/23

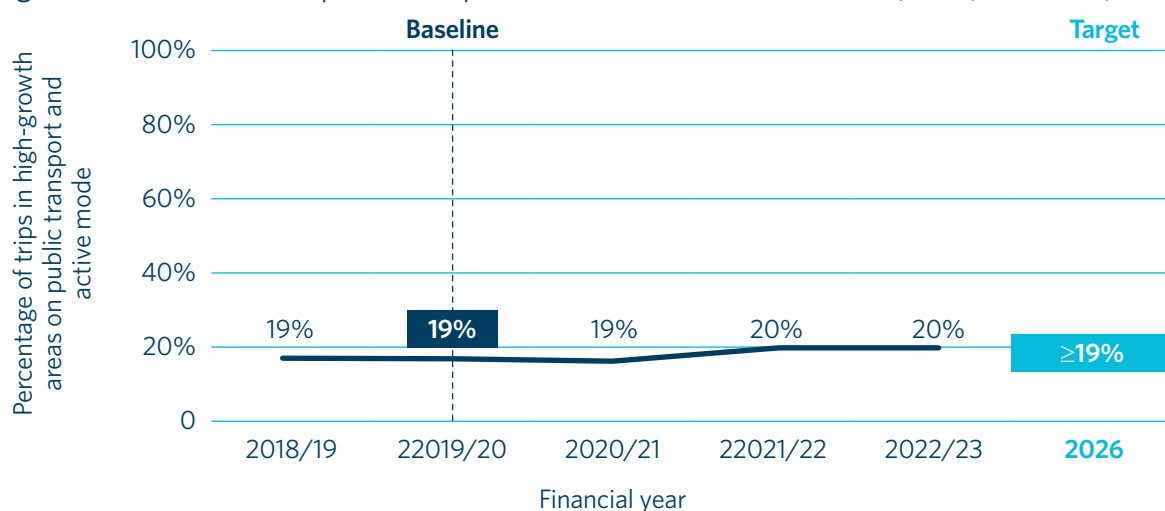


Increased share of travel by public transport, walking and cycling

More people are choosing active and/or shared modes as their preferred method of travel

Reference Measure	Status	Target	2022/23 actual	2021/22 actual
SHARE1 Mode share of public transport and active modes in urban areas ^A	Achieved	Increase (from 2019/20 baseline of 19%)	20%	20%

Figure 20 – Mode share of public transport and active modes in urban area, 2018/19 – 2022/23



Improved connections to key destinations

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
ACCESS1	Access to social and economic opportunities by mode	Not achieved	Increasing for public transport and active modes (from 2019/20 baseline)	Maintaining	Maintaining

Access to social and economic opportunities using shared and active modes remains similar to previous years.

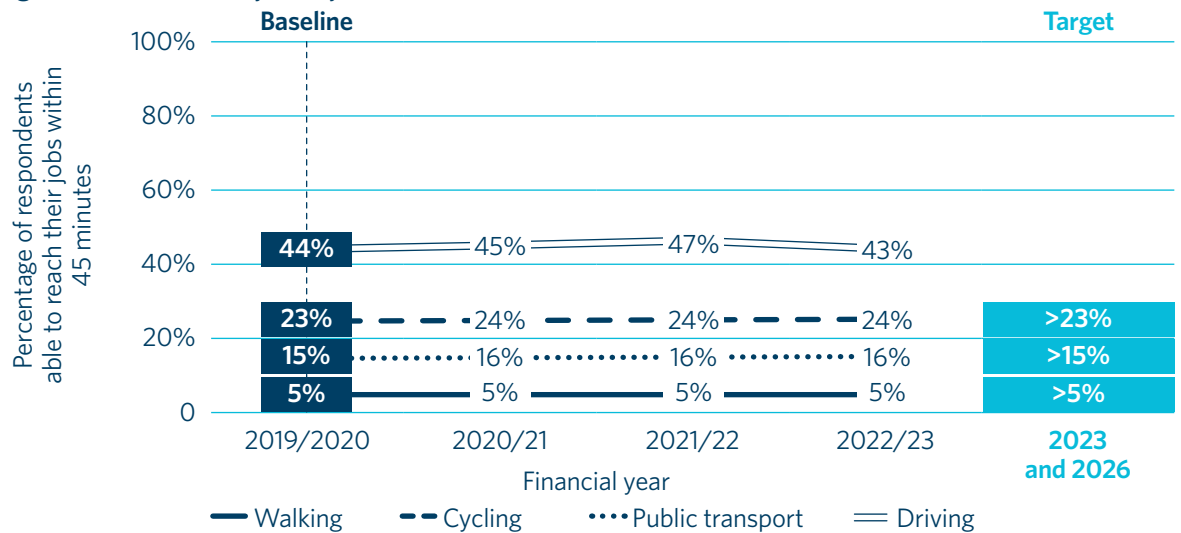
Compared with the 2019/20 baseline there were some small improvements to access to secondary schools by cycling (1.3 percent), and slight increases to access to general practitioners by both walking (1.1 percent) and cycling (1.1 percent; see table 3). However, there were no material improvements for access to jobs, and overall access remains similar to 2021/22 (see figure 21).

Table 3 – Access to schools, general practitioners and supermarkets by mode, 2019/20 – 2022/23

Mode	Financial year	Primary schools	Secondary schools	General practitioners	Supermarkets
Walking	2019/20	62%	21%	51%	40%
	2020/21	62%	21%	52%	40%
	2021/22	62%	21%	52%	39%
	2022/23	62%	21%	52%	40%
Cycling	2019/20	89%	70%	82%	82%
	2020/21	89%	71%	83%	82%
	2021/22	89%	71%	83%	82%
	2022/23	89%	71%	83%	82%

Public transport	2019/20	70%	28%	62%	51%
	2020/21	70%	28%	62%	51%
	2021/22	70%	28%	63%	51%
	2022/23	70%	27%	62%	51%
Driving	2019/20	99%	92%	95%	95%
	2020/21	98%	92%	95%	95%
	2021/22	98%	92%	95%	95%
	2022/23	98%	92%	95%	95%

Figure 21 - Access to jobs by mode, 2019/20 - 2022/23



ACCESS2	Proportion of recently consented residential units in major urban areas with access to frequent public transport services ^{B C}	Not achieved	Maintain or increase (from 2019/20 baseline of 20%)	19.6%	19.5%
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This measure is based on morning peak frequent public transport services and a count of residential unit building consents issued in major urban areas. For more detail, see the measure explanatory notes on our website: nzta.govt.nz/resources/annual-report-nzta

Most residential units continue to be consented outside areas served by frequent public transport. In most major cities, the total number of consented units has increased, it's just that they're either in areas that never had good public transport or in areas where public transport has become less frequent with recent timetable changes.

To lift performance, Waka Kotahi needs to work with our urban development partners (including local councils and central government stakeholders) on:

- increasing consenting near public transport spines (particularly multi-unit consenting)
- decreasing consenting away from public transport spines (particularly multi-unit consenting)
- increasing the frequency of public transport services - particularly rapid transit (given the larger walk catchment)
- improving the footpath network to and from public transport services.

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

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

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



Meeting current and future needs

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

Summary

Delivering within a strained funding system

We believe a sustainable funding model for land transport is in the country's best interests. Confidence in future funding provides the basis for long-term investment and land use planning, and supports an increase in the capacity of the market to deliver the infrastructure essential for economic prosperity. For Waka Kotahi, it would support us to more effectively manage our investments and assets, including the state highway network, and progress broader climate and safety outcomes. Our current funding system is constrained due to the combined impact of past under-investment in asset management, 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.

Over the last year, due to our funding constraints we focused on investing in critical road maintenance, responding to emergency events and completing construction projects that were already under way. As a result, the outputs from the 2021-24 NLTP will be well below those originally planned with many projects delayed or deferred. This funding outlook highlights the importance of the Land Transport Revenue Review, led by Te Manatū Waka and The Treasury. Ensuring an effective response to the review, completed during 2022/23, is critical to supporting an effective and sustainable land transport system, now and in the future.

As the scale and scope of our roles and responsibilities have grown, our operational budget has also increased. Te Manatū Waka completed a preliminary review of the value for money from our operational expenditure during 2022/23. We provided data and information to support the review. No findings pointed to significant shortcomings in delivering value for money, but we continue to focus on delivering as much value as possible across all our activities.

Monitoring the condition of the state highway network

The state highway network is one of the country's most important and valuable assets, connecting people and products across the motu. As asset manager for the network, we know the condition of the network and that it needs to improve.

The network has grown over recent years and is ageing, with more of the network reaching replacement age due to the impact of deferred maintenance and our constrained funding system. There is also increased demand on the network due to population growth and heavier vehicles, and networks have been considerably affected by severe weather events.

Together, these factors mean the condition of the state highway network is declining and significant maintenance and renewal work is required if the network is to support the current and future needs of the land transport system. This work will take several years and require further investment.

Partnering and engaging with Māori

We are committed to working in partnership with Māori across the land transport system, from setting operational strategy to delivering targeted work programmes. Te Ara Kotahi, our Māori strategy, provides the strategic direction to guide how we work with and respond to Māori as the Crown's Tiriti partner. In 2022/23, this included partnering to improve Māori road safety outcomes through the driver licensing schemes in Te Tai Tokerau Northland and Tairāwhiti Gisborne (for more information, see the case study on page 33).

We want to contribute to te reo Māori being seen, heard and spoken to support the revitalisation of the language. Over the last year, we continued to partner with Te Mātāwai on He Tohu Huarahi Māori Bilingual Traffic Signs Programme, resulting in the release of a package of 94 signs for consultation in May 2023. The programme captured the views of iwi and Māori through Ngā Pae Motuhake o Te Mātāwai, the community-based panels of Māori language, experts, practitioners and champions, as well as engaging with Māori partnership staff in local councils and the traffic industry. The roll out of the signs is planned to begin with those that need to be replaced after being damaged during weather events.

To support our continued focus on creating more opportunities for partnership with Māori and doing more in our commitment to give effect to te Tiriti, we are improving our own capability. We've committed to the cross-agency Whāinga Amorangi Programme and continue to be the highest subscriber across government to workshops run by Te Arawhiti on engagement with Māori and Māori planning. For detailed reporting on how we are improving our cultural competence, see appendix 5, page 203.

Improving our regulatory capability and performance

As regulators of the land transport system, we are responsible for people, businesses and vehicles entering the system, monitoring compliance and taking enforcement action when required. During the last year, we updated Tū Ake, Tū Māia and Cabinet approved our new regulatory funding model (see the case study on page 59). We are also improving the way we deliver our core regulatory services, so they are more consistent and effective. The progress we've made in delivering our regulatory role, from vehicle safety to regulation of the rail transport system, is reflected in our output class measure results, with all targets achieved in 2022/23 (see page 81 to 85).

A focus over the last year has been on increasing our capability and capacity for road user charges compliance monitoring, debt collection and recovery. Over the last two years, we recovered \$20.2 million more in debt than planned by increasing the number of staff working in this area. This helps us improve our regulatory performance by making sure compliance activities are monitored and fees are collected in a fair and equitable way and enables us to meet the cost of providing high-quality regulatory services.

Together, our achievements in 2022/23 are helping us address past regulatory failure and make progress toward the Tū Ake, Tū Māia purpose of ensuring the land transport system is safe, effective and efficient and functions well for everyone.

Accelerating digital

We are using our digital and data capabilities and leveraging emerging technologies to change the way we deliver services to our customers. We have two major digital projects under way: the expansion of the safety camera network (see page 32) and development of the country's first integrated public transport ticketing system (see page 47).

These projects will put in place modern and fit-for-purpose systems focused on the needs of our customers, and support our major behaviour change programmes, such as road safety, climate change and mode shift.

Investment in our internal digital capability is also needed to upgrade ageing platforms, better integrate our systems and allow our people to work smarter and more efficiently. Several of our critical systems are no longer fit for purpose and require updating through our Technology Remediation Programme, so they are current, supported and secure and have built-in redundancy. For more information on the performance of our information and communication technology assets, see page appendix 2, page 185 to 187.

Strengthening our organisational foundations

Since Te Kāpehu was launched in 2020, our role and the expectations of what we deliver have changed. We have ambitious targets, more responsibilities, and are delivering new services and programmes. We also need to balance increased pressure on our funding, responding to more frequent and damaging weather events and the ongoing impact of COVID-19, with delivering our core responsibilities.

In 2022/23, we identified the main organisational shifts – our kāhui whetū (guiding stars) – we need to make to deliver on Te Kāpehu. They cover the areas of culture and leadership, future focus, accelerating digital and delivery excellence. We updated our organisational structure in 2023 so we are aligned behind our strategy and will continue to use our kāhui whetū to prioritise our work to deliver Te Kāpehu.

To strengthen our organisational foundations, we need a highly engaged organisational culture built on great leadership and teams, shared values and effective partnerships. Over the last year, we:

- developed Pā Harakeke, our new people capability framework, which has an initial focus on leadership
- launched our first pay gaps action plan to address the drivers of gender, Māori, Pasifika and ethnic pay gaps
- partnered with the Tupu Toa and Tupu Mai internship programmes to build a more diverse and inclusive workforce, and recruited interns from the first cohort into our Emerging Professionals Programme
- continued to support an inclusive culture, including helping our people connect through our five employee-led networks and running events and activities for important awareness events.

For more information on the actions we've taken to make Waka Kotahi a great place to work, see appendix 5, page 203.

Case study

Funding and fees review

In 2018, a passenger in a car died when their seatbelt failed. They were travelling in a car that had just received a warrant of fitness. Two investigations into what happened found the way we were regulating the land transport industry hadn't been good enough, and we had failed as regulator. One investigation said we didn't have enough money to do our job properly.

We had not fully reviewed all our fees and charges since Waka Kotahi was set up in 2008. Some of the fees were set as far back as the 1980s.

We found that the money we receive for doing our work does not cover the costs of doing the work. Right now, we are charging too much for some services and not enough for others. Some people are paying more than they should, some are paying less than they should, and others aren't paying anything at all.

The new regulatory fees and charges regime will make sure the right people are paying the right amount and we're properly resourced to regulate the land transport system effectively.

We've made many improvements since our regulatory failure, and we'll be able to continue these improvements, building and sustaining a high-performing regulatory function.

Consultation on the new regime was done in March and May 2022. Members of the public were vocal with their feedback. We held 10 industry workshops with 77 attendees, met with key service delivery partners, engaged with 30 local authorities in seven workshops and seven focus groups, and received 144 written submissions.

Cabinet approved the package of changes to fees and charges on 3 April 2023. The changes will come into effect in October 2023.



Measuring our performance

System outcome measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
MEET1	Funding sustainability -proportion of net revenue forecast to be spent on continuous programmes and public private partnerships	Achieved	≤ 75%	67% (2023/24 forecast)	Not applicable, new measure for 2022/23

MEET1 is the proportion of current and future NLTF revenue required to be spent to maintain existing assets, services and debt obligations (referred to as continuous programmes). It indicates the minimum amount of revenue required to cover continuous programmes and does not account for committed or forecast improvement activities.

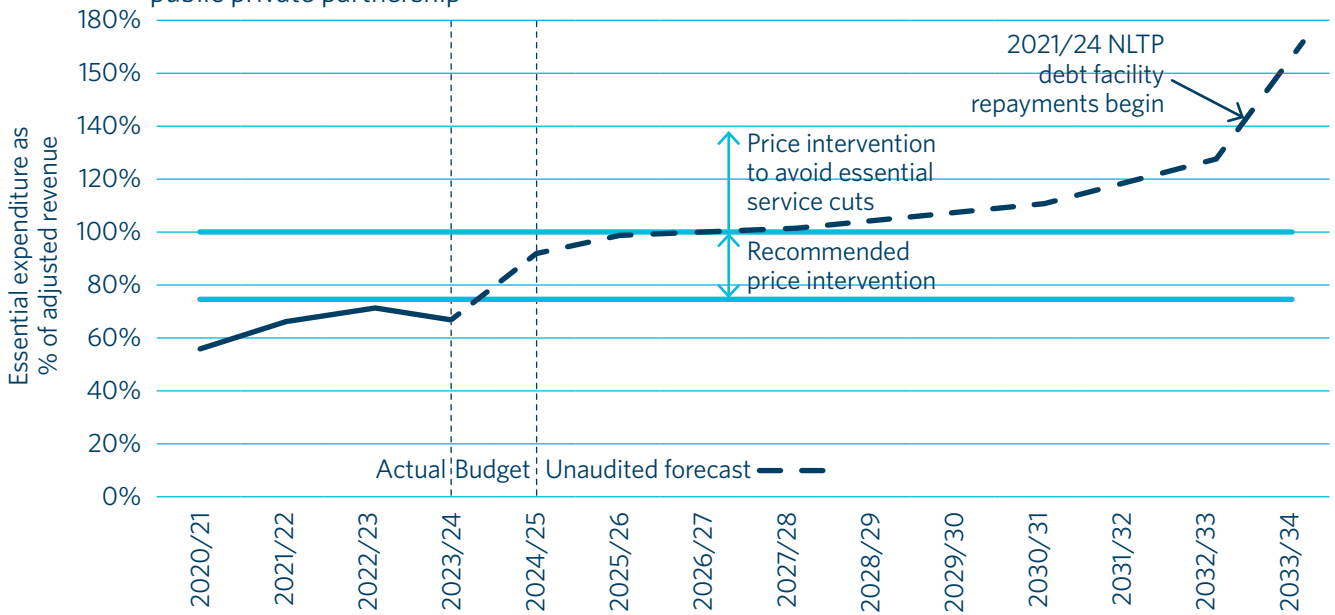
A result over 75% and approaching 100%, in the absence of any additional funding, significantly constrains the ability of Waka Kotahi and our co-investment partners to deliver the NLTP. Under this scenario, revenue would be consumed by expenditure to maintain existing assets, services and debt obligations with little or no scope for investment in new infrastructure and system improvements. A result approaching 100% should be a trigger for increases to fuel excise duty and road user charges as this would indicate that all revenue would be consumed by continuous programmes, with no scope of responding to weather events or continuing capital programmes.

Figure 22 on the following page shows how the proportion of expenditure as a percentage of NLTF revenue has changed over time since 2020/21, and how it is forecast to change from 2023/24 to 2033/24. 'NLTF revenue' includes revenue from fuel excise duties (FED) and road user charges (RUC), as well as current and forecasted Crown contributions and debt financing movements. The figures for 2020/21-2022/23 have been calculated primarily by using revenue, expenditure and borrowing actuals published in prior year Waka Kotahi and NLTF annual reports. The forecasts for 2023/24 have been taken from the Waka Kotahi statement of performance expectations 2023/24, while the outer year information comes from unaudited models and estimates developed by Te Manatū Waka and by Waka Kotahi. These forecasts assume that the majority of NLTF revenue will continue to come from FED and RUC, as future Crown funding and debt financing cannot be assumed, particularly for the outer years. For detailed information on the data sources used to inform these forecasts, see the explanatory notes on our website on our website: nzta.govt.nz/resources/annual-report-nzta

Figure 22 shows that over the 2021-24 NLTP period, forecast expenditure is expected to average approximately 68% of revenue, but will jump materially over the 2024-27 NLTP, averaging 98%. The main driver of this increase is a sharp increase in continuous programme costs (+26%), due to more frequent weather events, more lane kilometres of roads to maintain and a period of abnormally high inflation, in the absence of corresponding increases to FED and RUC. Revenue from FED and RUC make up approximately 77% of total NLTF revenue (based on 2021-24 NLTP figures) and have not been increased since July 2020, when they were raised by 3.5 cents per litre and 5.3% respectively.

Due to the combined impacts of sharply rising costs and stagnant FED and RUC pricing, for the ten-year period from 2024/25 to 2034/2035, expenditure to maintain existing assets, services and debt obligations is forecast to average 114% of revenue, requiring an additional \$6.4 billion in funding to cover this shortfall. An additional \$13.6 billion of funding would be required to meet the lower limits for capital improvements envisaged in the draft GPS for 2024. The \$20.0 billion shortfall is the equivalent of an increase in fuel excise duty and road user charges equivalent, of about 6 cents per litre per annum for the 10-years. This is consistent with the funding gaps highlighted in the November 2022 Land Transport Revenue Review.

Figure 22 – Proportion of net revenue forecast to be spent on continuous programmes and public private partnership

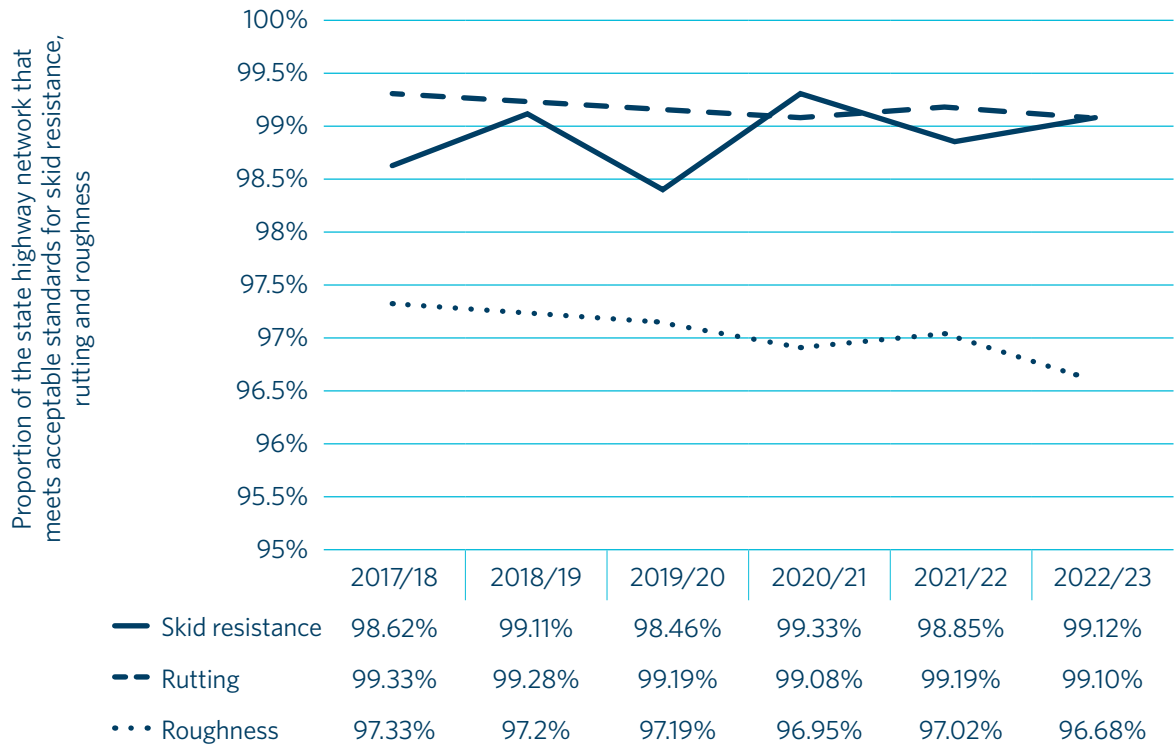


MEET2	Proportion of the state highway network that meets minimum asset condition requirements	Achieved	≥97%	98%	97%
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This is an aggregate measure that combines results from separate measures of surface skid resistance, rutting in the surface underneath 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.

Figure 23 shows that 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, from page 183). For more detail, see the measure explanatory notes on our website: nzta.govt.nz/resources/annual-report-nzta

Figure 23 – Proportion of the state highway network that meets acceptable standards for skid resistance, rutting and roughness



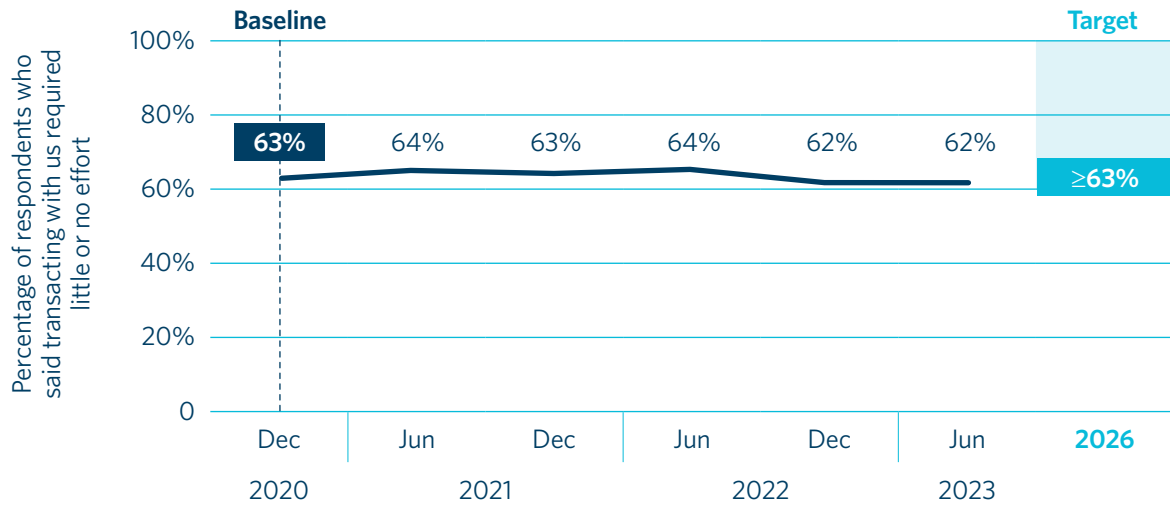
^A We have retrospectively calculated the prior period ratio following the same methodology but using the actual results from our published financial statements as the inputs.

^B A result for MEET1 above 75% creates risk that Waka Kotahi may not have sufficient funding headroom to respond to weather events and complete planned capital investment works. In absence of price or funding interventions we would be looking closely at our discretionary programme of work to ensure the NLTF is no overcommitted. If the result for MEET1 exceeds 75%, changes to FED and/or RUC pricing would be needed to bring the result within the target of $\leq 75\%$ (“Recommended price intervention” on the graph). If the result reaches $\geq 100\%$, a price intervention would be needed to avoid cuts to continuous programmes, so that Waka Kotahi does not become insolvent (“Price intervention to avoid essential service cuts” on the graph).

Effective delivery

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
DEL1	Staff survey engagement score	Achieved	Maintain or increase from baseline (7.4)	7.5	Not comparable due to methodology change
<p>For 2022/23, staff engagement is based on the results of Tapatahi, the staff engagement survey we launched in October 2021. Tapatahi takes a continuous listening approach with shorter and more frequent surveys that will help us better measure, understand and improve staff engagement. Tapatahi delivers results in real-time and recommends targeted actions to drive up engagement.</p> <p>Our 2022/23 statement of performance expectations reset the baseline and target for DEL1 to align with the new method. The new baseline of 7.4 is the global benchmark for the overall staff engagement score in the second quarter of 2021/22. The benchmark is based on the average responses from government organisations in Aotearoa New Zealand and comparable locations (Australia, the United Kingdom and the United States). The data is cumulative and updated only when significant changes in responses occur. For more information on the changes to benchmarks, see the survey provider's website support.peakon.com/hc/en-us/sections/360005353580-Benchmarking</p>					
DEL2	Waka Kotahi investor confidence rating ^A	Unable to report	Increasing trend (from a 'C' rating in 2018)	Unable to report	Not available (rating only undertaken every 3 years)
<p>Cabinet has approved discontinuation of Investor Confidence Review, which will not be replaced. The new investment assurance mechanisms to mitigate the review's absence are the quarterly investment report and The Treasury risk profile assessment process.</p>					
DEL3	Service quality (ease of transacting with us)	Not achieved	Maintaining or improving trend (from December 2020 actual of 63%)	62%	64%
<p>The overall user experience score was slightly below target due to slight declines in the individual scores for renewing driver licences, purchasing road user charges, paying road tolls and obtaining a warrant of fitness for motor vehicles, which experienced slight declines of 3 to 4 percentage points.</p>					

Figure 24 – Percentage of respondents who said transacting with us required little or no effort



DEL4	Progress in delivering the regulatory strategy	Achieved	Achieved	Achieved	Achieved
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We refreshed Tū Ake, Tu Māia, our regulatory strategy, and embedded the role of Director of Land Transport, which has made regulatory accountabilities and responsibilities clearer. We also established intelligence capability to provide insights about the performance of the land transport regulatory system and levels of compliance. We developed a regulatory performance framework to support greater understanding of the regulatory environment. We also continue to build risk and assurance maturity by embedding the regulatory risk and assurance framework endorsed in February 2021.

^A The rating scale is from A to E, with an A signalling high performance. The last rating was in 2018 (C rating).

Effective collaboration

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
COL1	Partnerships and engagements with Māori (average performance score of key strategic relationship drivers of Māori partnerships)	Achieved	>45%	49%	45% (baseline set)
COL2	Partnerships and engagement with stakeholders (co-investment partners) stakeholder satisfaction ^A	Not achieved	Improving trend (from 2020/21 actual of 54%)	53%	56%

Stakeholders' satisfaction with their relationship with us in 2023 (53 percent) is slightly lower than the high of 56 percent last year but is similar to previous years. This year's survey had a low response rate (16% compared to 31% in 2022) and a margin of error of +/-8.6%. Waka Kotahi is reviewing the results of the survey and is committed to continuing to grow and improve so partners and stakeholders have increased trust and confidence in us and our ability to deliver on our strategies.

Our analysis of the underlying drivers of satisfaction indicate that satisfaction levels are relatively stable for aspects of stakeholders' working relationships with Waka Kotahi. Views have strengthened for a range of communication attributes including two-way dialogue on important matters to the stakeholder and being open and transparent about key funding influences. Waka Kotahi staff remain an area of strength, with performance lifting in a number of areas including ease of contact, collaboration and understanding of stakeholders' transport-related needs and concerns of their local area.

Dissatisfaction continues to fluctuate and increased to 25 percent, which is slightly higher than last year but lower than in 2021 and 2019.

^A Data is shown for the last full calendar year. Results shown are the percentages of stakeholders who said they were satisfied with the current relationship of their organisation with Waka Kotahi.

Output class performance

Overview

We are funded to deliver and invest in a range of goods and services across categories known as output classes. These categories reflect the types of activities (activity classes) the government expects us to deliver and invest in to realise the objectives of Government Policy Statement on land transport for 2021/22 to 2030/31 (GPS 2021) and effectively perform our regulatory function.

In 2022/23, we had 16 output classes. Under each system outcome we list the output classes we'll deliver and invest in to complete our significant activities. Table 4 summarises the contribution of each output class to our four Te Kāpehu system outcomes.

Table 4 - Contribution of each output class to our system outcomes

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

Output class results

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

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

For measure definitions and data sources, see the explanatory notes on our website: nzta.govt.nz/resources/annual-report-nzta

For full details on output class funding and expenditure see page 279 onwards.

State highway improvements ●●●●

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

What we do

We plan, invest in and deliver infrastructure (including roads, roadsides and all supporting infrastructure and technology) by working collaboratively with council partners to co-create integrated, community-wide solutions.

Difference this output class makes

State highway improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, better travel options and improved freight connections. We also aim to improve levels of service and value for money for more sustainable transport outcomes. Investing in state highway improvements plays a critical role in reducing safety and resilience-related risks across the land transport system.

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
SH11	Proportion of state highway improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ^{A B}	Not achieved	≥90%	71% ^C	86%

Extreme weather events, including cyclones Hale and Gabrielle and the Auckland flooding, had a significant impact on projects due to the re-prioritisation of resources to support the large-scale response and recovery efforts. Forty-five percent of projects that did not achieve milestones were in weather impacted regions. Despite this, 16 large projects achieved their milestones, including 8 significant capital projects. Delays on other projects were mainly due to the re-prioritisation of resources, sector wide resource constraints, increased time to obtain consents and approvals, remedial work, cost escalation and funding uncertainty. Delivery challenges are expected to continue given the growth of the transport infrastructure portfolio because of new rebuild and resilience works.

SHI2	Proportion of state highway improvement activities funded by the Crown delivered to agreed standards and timeframes	Not achieved	≥90%	69%	58%
<p>Extreme weather events, including cyclones Hale and Gabrielle and the Auckland flooding, had a significant impact on projects due to the re-prioritisation of resources to support the large-scale response and recovery efforts. There were delays to six projects due to rescoping and reprioritisation because of cost escalation and funding uncertainty.</p>					

^A This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

^B For SHI1 and SHI2, 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 our website: nzta.govt.nz/resources/annual-report-nzta

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

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	1,446	2,000	(554)	1,369
Expenditure	1,446	2,000	(554)	1,330
Net surplus/(deficit)	0	0	0	39

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

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

- depreciation and state highway write-offs of \$524 million (2021/22: \$548 million)
- public-private partnerships of (\$14) million (2021/22: (\$171 million))
- assets vested to local authorities of nil: (2021/22: \$2 million)

State highway improvements was \$554 million (28 percent) below budget mainly due to underspends and delays across a number of projects caused by supply chain pressures and weather events.

Local road improvements

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

What we do

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

Difference this output class makes

Local road improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, and better travel options. We also aim to improve levels of service and value for money for more sustainable transport outcomes. Investing in local road improvements plays a critical role in reducing safety and resilience-related risks across the land transport system.

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% ^B

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 This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

^B 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.

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	182	259	(77)	216
Expenditure	182	259	(77)	216
Net surplus/(deficit)	0	0	0	0

Local road improvements were \$77 million (30 percent) below budget mainly due to delays in and reprioritisation of council roading projects partly caused by weather events in the current financial year.

Walking and cycling improvements ●●●

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

What we do

We plan and co-invest in new and improved walking and cycling facilities, as well as in community education and promotion activities, to increase the uptake of walking and cycling. We deliver walking and cycling facilities in state highway corridors, and local and regional councils primarily deliver local walking and cycling facilities.

Difference this output class makes

Walking and cycling improvements encourage more people to change mode (or 'mode shift') by:

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

Active travel modes, walking and cycling also promote health and wellbeing.

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
WCI1	Proportion of cycleways, pathways and shared paths delivered against plan ^A	Unable to report	≥80%	Not available	Not available
<p>The status against target remains 'unable to report' for 2022/23. More work is needed to ensure our delivery partners accurately record the improvements they plan to deliver and what they actually deliver, so the result for this measure can be reliably calculated. This measure may need to be reviewed for future years as it does not capture other types of improvements being implemented to improve walking and cycling access in urban areas such as safe crossing zones.</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. 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>					

WCI3	Walking 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>					

^A This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	209	245	(36)	156
Expenditure	209	245	(36)	156
Net surplus/(deficit)	(0)	0	(0)	0

Walking and cycling expenditure was \$36 million (15 percent) below budget mainly due 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.

State highway maintenance

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

What we do

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

Difference this output class makes

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

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	REFER TO MEET2 ^A				
SHM3	State highway maintenance cost per lane kilometre delivered B	Achieved	\$25,000 - \$34,200	\$31,505	\$29,423
SHM4	REFER TO RES1 (page 52)				

^A This is also a measure for our system outcome meeting current and future needs (see page 61).

^B This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	1,228	949	279	840
Expenditure	1,228	949	279	840
Net surplus/(deficit)	0	0	0	0

State highway maintenance expenditure was \$279 million (29 percent) above budget. This was mainly due to additional costs from higher emergency works mainly as a result of the North Island weather events.

Local road maintenance

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

What we do

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

Difference this output class makes

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

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 ^B	Not achieved	≤\$4,480	\$4,627	\$4,108

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.

^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 on our website for further detail: nzta.govt.nz/resources/annual-report-nzta

^B This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	1,047	774	273	736
Expenditure	1,047	774	273	736
Net surplus/(deficit)	0	0	0	0

Local road maintenance was \$273 million (35 per cent) over budget mainly due to additional costs from higher emergency works mainly as a result of the North Island weather events.

Public transport services ●●●

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

What we do

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

Difference this output class makes

Public transport improves travel choices; increases people's access to employment, educational and social opportunities; eases congestion; and makes better use of the existing transport system. It also reduces the impact of transport on the environment and contributes to reducing the number of deaths and serious injuries from road crashes. Public transport supports vibrant and liveable urban communities and effective land use. The Total Mobility scheme increases equity of access for mobility-impaired people, and the SuperGold scheme improves access to social and health opportunities for older people.

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.				
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 an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

^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.

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	673	580	93	534
Expenditure	673	580	93	534
Net surplus/(deficit)	0	0	0	0

Public transport services expenditure was \$93 million (16 percent) above budget mainly due to additional support the Crown has provided councils due to farebox revenue reductions and half price fare funding.

Public transport infrastructure ●●●

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

What we do

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

Difference this output class makes

Public transport improves travel choices; increases people's access to employment, educational and social opportunities; eases congestion; and makes better use of the existing transport system. It also reduces the impact of transport on the environment and contributes to reducing the number of deaths and serious injuries from road crashes. Public transport supports vibrant and liveable urban communities and effective land use. Investing in infrastructure improvements for public transport increases the safety, reliability, resilience and effectiveness of services, as well as increasing public transport's attractiveness to users.

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.

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	627	502	125	350
Expenditure	627	502	125	350
Net surplus/(deficit)	0	0	0	0

Public transport infrastructure expenditure was \$125 million (25 percent) above budget mainly due to additional Crown funding provided for Eastern busway not in the original budget.

Road to Zero ●●

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

What we do

We work with approved organisations to:

- deliver the Road to Zero Speed and Infrastructure Programme, which will deliver safety treatments and speed management changes on state highways and local roads, targeting roads and roadsides that offer the greatest potential for reducing deaths and serious injuries
- deliver road safety promotion activities, including the Vehicle Safety Programme, national, regional and local road safety education and advertising campaigns and initiatives, and a public awareness campaign to support Road to Zero
- prepare for the delivery of the Tackling Unsafe Speeds Programme that supports effective speed management
- support the court-imposed alcohol interlocks subsidy scheme
- deliver system leadership, research, monitoring and coordination to support Road to Zero.

Difference this output class makes

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

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
RTZ1	Length of the network treated with reduced speed limits ^A	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.				
RTZ5	Number of hours mobile cameras are deployed	Not achieved	≥80,000	61,028	58,408
Reflects 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 ^B	Achieved	≥86%	88%	81%

^A This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

^B We're developing a new performance measurement framework to better represent the strategic outcomes of the full marketing and education road safety promotional programme. We will continue to report against the current RTZ6 measure until the new framework has been approved.

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	792	815	(23)	703
Expenditure	789	815	(26)	700
Net surplus/(deficit)	3	0	3	3

Road to zero was \$26 million (3 percent) under budget. 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.

Road policing

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	415	417	(2)	394
Expenditure	415	417	(2)	394
Net surplus/(deficit)	0	0	0	0

Road policing was materially on budget.

Rail network ●●●

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

What we do

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

Difference this output class makes

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

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
RN1 Delivered by KiwiRail	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 Delivered by KiwiRail	Freight travel time reliability ^A	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				

^A This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	434	467	(33)	287
Expenditure	434	467	(33)	287
Net surplus/(deficit)	0	0	0	0

While the rail network activity class was \$33 million (7 percent) below budget, we note that 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.

Coastal shipping ●●●

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

What we do

We assess the type of assistance and investments that would best achieve the government's coastal shipping outcomes. This involves supporting research and other activities to identify how the domestic coastal shipping sector could be best supported to grow and more freight could be moved on the 'blue highway'. Through activities in other output classes, we also invest in infrastructure feasibility work and improvements to help support moving freight by coastal shipping.

Difference this output class makes

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

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
CS1	Coastal shipping activities delivered and funded in accordance with contractual terms ^A	Not achieved	Achieved	Not achieved	Achieved

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.

^A This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	23	10	13	0
Expenditure	23	10	13	0
Net surplus/(deficit)	0	0	0	0

Coastal shipping was \$13 million (131 percent) above budget. 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.

Investment management ●

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

What we do

We develop and manage the NLTP, including managing the NLTF; advising the government on investment and funding, including development of the GPS; developing the NLTP and Waka Kotahi Investment Plan; and providing risk-based targeted assurance over outcome delivery. We plan the transport system, including supporting the development of statutory, regional, long-term and spatial transport planning. We also develop transport models and business cases and plan activity management. We deliver sector research, including engaging with the sector, and developing, delivering and promoting research projects.

Difference this output class makes

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

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 ^A	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.</p> <p>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 is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

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

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	73	89	(16)	62
Expenditure	73	89	(16)	62
Net surplus/(deficit)	0	0	0	0

Investment management expenditure was \$16 million (18 percent) below budget mainly due to underspends in transport planning for approved organisations.

Driver licensing and testing ●●●

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

What we do

We improve the safety of the land transport system by helping drivers to meet and maintain required safety standards. We develop and manage the driver licensing system, including by providing approved driver licensing courses and developing licensing and testing rules. We also run public education campaigns and develop and maintain resources, including road codes, theory and practical test requirements, and testing and provider manuals. We work with our partners to audit systems and implement other regulatory activities. Our partners include driver licensing and testing course providers, testing officers, alcohol interlock providers and our driver licensing agent network.

Difference this output class makes

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

Reference Measure	Status	Target	2022/23 actual	2021/22 actual
DLT1 Proportion of non-compliance actions for driver licence course providers and testing officers that are progressed within acceptable timeframes	Achieved	≥95%	98%	100%
DLT2 Proportion of practical tests taken within 30 working days of booking	Achieved	>63%	84%	63%

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	76	78	(2)	68
Expenditure	67	71	(4)	85
Net surplus/(deficit)	9	7	2	(17)

Drivers licencing and testing recorded a surplus of \$9 million which was near the budget.

Vehicle safety and certification ●●●

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

What we do

We use vehicle registration, licensing, standards and certification to help ensure vehicles on the country's roads are compliant and safe. We do this by developing rules, standards and guidelines for vehicle inspection and certification, appointing vehicle inspectors and inspecting organisations, and revoking certification of vehicles when we find they are unsafe or illegal. We monitor performance of inspectors and inspecting organisations, investigating complaints and taking appropriate action against inspectors and organisations that do not meet required standards. We also manage the delivery of motor vehicle registration and licensing services to the public. These services include maintaining the integrity of the motor vehicle register and related systems, authorising and managing third-party access to registry information, and informing the public of vehicle standards, registration and licensing regulatory requirements.

Difference this output class makes

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

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
VSC1	Proportion of non-compliance actions for vehicle inspecting organisations, vehicle certifiers and vehicle inspectors that are progressed within acceptable timeframes	Achieved	≥95%	99%	98%
VSC2	Proportion of vehicles re-licensed on time	Achieved	≥98%	98%	98%

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	75	63	12	70
Expenditure	81	85	(4)	66
Net surplus/(deficit)	(6)	(22)	16	4

Vehicle safety and certification recorded a deficit of \$6 million which was less than budget. This was partly due to receiving section 9(1)(A) revenue to support the regulatory function and more revenue from motor vehicle licensing than was budgeted for.

Regulation of commercial transport operators ●●●

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

What we do

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

Difference this output class makes

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

Reference Measure	Status	Target	2022/23 actual	2021/22 actual
CTO1 Proportion of non-compliance actions for commercial operators that are progressed within acceptable timeframes	Achieved	≥95%	100%	99%

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	13	10	3	12
Expenditure	12	13	(2)	12
Net surplus/(deficit)	1	(3)	4	(0)

Regulation of commercial transport operators recorded a surplus of \$1 million surplus which was more than budget. This was mainly due to additional fee revenue collected.

Regulation of the rail transport system ●●●

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

What we do

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

Difference this output class makes

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

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
RTS1	Proportion of non-compliance actions for rail participants that are progressed within acceptable timeframes	Achieved	≥95%	96%	95%

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	3	2	1	3
Expenditure	3	4	(1)	3
Net surplus/(deficit)	0	(2)	2	0

Regulation of the rail transport system recorded a nil surplus which was more than budget. This was mainly due to additional Crown funding to support rail regulation.

Revenue collection and administration ●

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

What we do

We collect and refund road user charges revenue (to be paid to the NLTF) by selling road user charges licences, investigating evasion and enforcing payment, and refunding customers' charges paid for off-road travel. We collect road tolling revenue to fund or repay the cost of building, maintaining and operating toll roads, investigating evasion and enforcing payment, and managing associated systems, customer interfaces and payment channels. We collect and rebate regional fuel tax to fund regional projects, including collecting fuel tax from distributors, providing rebates for off-road use, auditing compliance with the requirements, and reporting fuel prices and volumes. We refund and account for fuel excise duty claims so customers are refunded for offroad fuel use. We also inform and advise the public about revenue collection and administration, including road user charges and road tolling.

Difference this output class makes

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

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
REV1	Proportion of unpaid road user charges identified through investigations and assessments that are collected ^A	Achieved	≥65%	81%	82%
REV2	Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	Achieved	≤20 working days	14 working days	15 ^B working days

^A This is also an appropriation measure in Vote Transport (see appendix 4, page 192 onwards).

^B The 2021/22 REV2 result was incorrectly reported as 20 working days in the 2021/22 annual report. This was due to a reporting issue that included all calendar days instead of working days in the calculation. A new reporting tool has rectified this issue.

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	49	45	4	41
Expenditure	53	52	1	37
Net surplus/(deficit)	(4)	(7)	3	4

Revenue collection and administration recorded a deficit of \$4 million which was lower than planned due to additional Crown funding to support administration of road user charges and fuel excise duty refunds.

Other outputs

Low emission vehicles

	Actual 2022/23 \$M	Budget 2022/23 \$M	Variance 2022/23 \$M	Actual 2021/22 \$M
Revenue	371	193	178	135
Expenditure	371	193	178	134
Net surplus/(deficit)	(0)	0	(0)	1

Low emission vehicles expenditure was \$178 million (92 percent) above budget as more rebates than planned were paid out under the clean vehicle discount scheme.

Section D

Ngā tauākī pūtea me ngā pūrongo ōtita

Financial statements
and audit reports



Insurance and indemnities

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

Statement of responsibility

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

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

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

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

Signed on behalf of the Board:



Dr Paul Reynolds, QSO
Chair
29 September 2023

Countersigned by:



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

Highlights from our financial statements (unaudited)

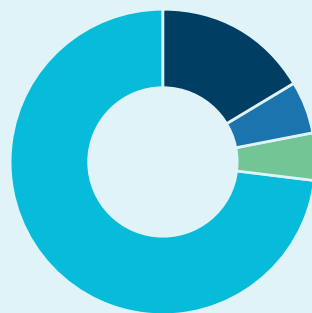
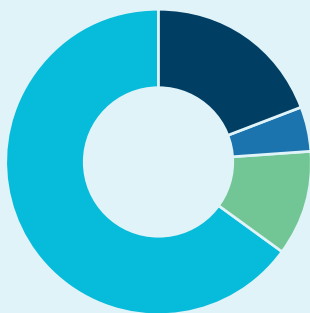
\$6.5 billion total funding received (2021/22: \$4.8 billion)

Most of Waka Kotahi NZ Transport Agency's income is from the National Land Transport Fund (NLTF). We also receive revenue from the Crown to support NZ Upgrade Programme and for specific projects.

Funding received by source

2022/23

2021/22



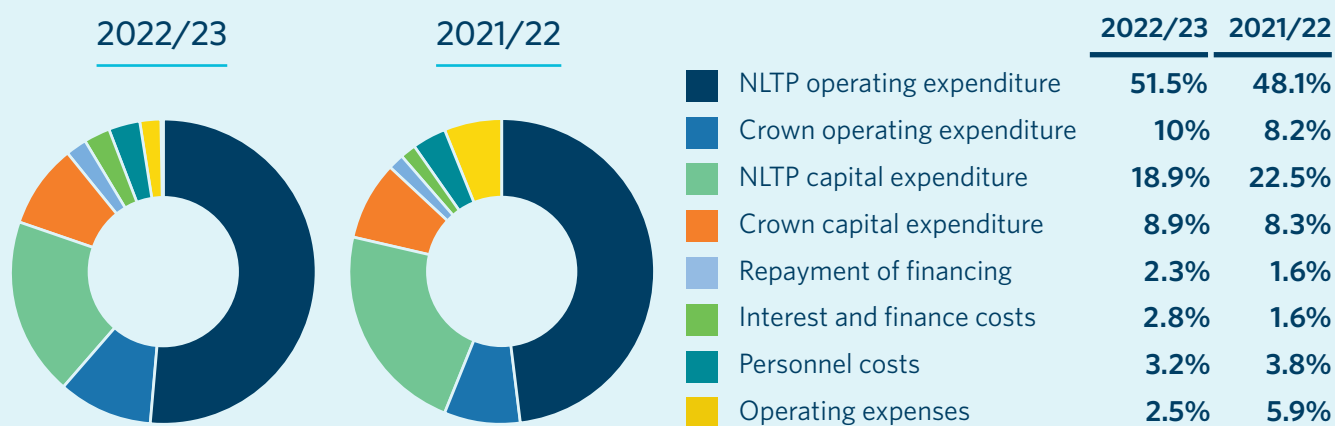
	2022/23	2021/22
Crown capital	19.2%	16.5%
Other revenue	4.7%	5.7%
Financing	11.2%	4.9%
National Land Transport Fund	64.9%	72.9%

\$6.5 billion total funding received

(2021/22: \$4.7 billion)

Our expenses are guided by the Government Policy Statement on land transport and the priorities identified in our Statement of intent 2021-2026. In 2022/23, Over half (62 percent) of our expenses directly related to: NLTP operating expenses we provided to approved organisations, activities funded from the Crown and maintenance and operation of the state highway network. NLTP capital expenses comprised 28 percent of our annual expenditure which includes state highway improvements, renewals and other capital activities where the assets are owned by Waka Kotahi such as certain public transport and walking and cycling assets. Personnel and operating expenses including interest and finance costs made up 10 percent of the annual expenditure.

Funding spent by type



\$82.8 billion net assets/equity

(2021/22: \$75.5 billion)

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

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Total assets	87,520	89,020	79,340
Less total liabilities	4,765	5,435	3,849
Net assets/equity at end of year	82,755	83,585	75,491

Our statement of financial position reflects the significant value held in the state highway network, with \$87.5 billion of assets and low levels of liabilities. The state highway network accounts for 94 percent of our asset base. In the previous two years, the value increased significantly due to investment in the network and increases in land valuation and other input values. Most of the asset base increase this year relates to: increases in base unit rates reflecting the current costs of construction; the inclusion of the Pūhoi to Warkworth public-private partnership asset now operational on the state highway, and capital expenditure.

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				
Operating funding from the National Land Transport Fund	2	4,511	4,107	3,332
Operating funding from the Crown	2	676	413	394
Revenue from other activities	2/3	309	204	272
Total revenue		5,496	4,724	3,998
Expense				
Land transport funding		3,750	2,795	2,707
Employee costs	7	218	223	182
Operating expenses	8	169	194	158
Clean vehicle discount rebates		342	166	121
Interest and finance costs	11	178	165	73
Depreciation, amortisation and state highway write-off	4	832	798	749
Assets vested to local authorities	4	0	409	2
Total expense	2	5,489	4,750	3,992
Surplus/(deficit)		7	(26)	6
Other comprehensive revenue and expense				
Gain/(loss) state highway network revaluations	4	6,166	5,911	13,253
Net movement in cash flow hedges	11	84	17	332
Total other comprehensive revenue and expense		6,250	5,928	13,585
Total comprehensive revenue and expense		6,257	5,902	13,591

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		222	50	180
Debtor Crown		350	198	180
Receivables and other assets		125	110	124
Derivative financial asset	11	35	0	0
Debtor National Land Transport Fund		302	381	310
Debtor National Land Transport Fund – debt related*		3,709	4,665	3,033
Property assets held for sale	4	38	50	32
Public-private partnership assets	5	0	1,025	980
Property, plant, equipment and intangible assets		102	100	80
State highway network	4	82,637	82,441	74,421
Total assets		87,520	89,020	79,340
Liabilities				
Payables	8	891	518	678
Employee entitlements	7	37	39	32
Provisions	10	26	66	46
Derivative financial liability	11	75	341	131
Borrowing and other liabilities	11	1,787	2,554	1,063
Public-private partnership liabilities	5	1,949	1,917	1,899
Total liabilities		4,765	5,435	3,849
Net assets		82,755	83,585	75,491
Equity				
Contributed capital		0	0	0
Retained funds		(19)	(59)	(23)
Equity derived from the state highway network		82,754	83,907	75,578
Cash flow hedge reserve	11	20	(264)	(64)
Total equity		82,755	83,585	75,491

*Included \$154 million of current debtors related to private-public partnerships unitary charges and other debt repayment funding due from the National Land Transport Fund.

Statement of changes in equity for the year ended 30 June 2023

	General funds \$M	Retained funds \$M	Memorandum accounts \$M	Equity derived from the state highway network \$M	Cashflow hedge reserve \$M	Total \$M	Budget 2022/23 \$M
Balance at 1 July 2021	0	15	(32)	61,607	(396)	61,194	73,132
Surplus/(deficit)	0	15	(9)	0	0	6	(15)
Other comprehensive revenue and expense							
State highway network revaluations	0	0	0	13,253	0	13,253	1,500
Movement in cash flow hedges	0	0	0	0	332	332	(11)
Total other comprehensive revenue and expense	0	0	0	13,253	332	13,585	1,489
Total comprehensive revenue and expense	0	15	(9)	13,253	332	13,591	1,474
Changes in equity - capital contribution from National Land Transport Fund	0	0	0	706	0	706	1,582
Changes in equity - other adjustments	0	(12)	0	12	0	0	0
Total changes in equity	0	3	(9)	13,971	332	14,297	3,056
Balance at 30 June 2022/ 1 July 2022	0	18	(41)	75,578	(64)	75,491	76,188
Surplus/(deficit)	0	13	(6)	0	0	7	(26)
Other comprehensive revenue and expense							
State highway network revaluations	0	0	0	6,166	0	6,166	5,911
Movement in cash flow hedges	0	0	0	0	84	84	17
Total other comprehensive revenue and expense	0	0	0	6,166	84	6,250	5,928
Total comprehensive revenue and expense	0	13	(6)	6,166	84	6,257	5,902
Changes in equity - capital contribution from the National Land Transport Fund	0	0	0	1,007	0	1,007	1,495
Changes in equity - other adjustments	0	(3)	0	3	0	0	0
Total changes in equity	0	10	(6)	7,176	84	7,264	7,397
Balance at 30 June 2023	0	28	(47)	82,754	20	82,755	83,585

Statement of cash flows 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 the National Land Transport Fund	4,019	3,322	3,162
Receipts from the Crown	514	423	436
Receipts from other revenue	255	190	283
Payments to employees	(213)	(223)	(179)
Payments to suppliers	(4,077)	(3,089)	(3,039)
Goods and services tax (net)	(9)	0	2
Net cash from operating activities	489	623	665
Cash flows from investing activities			
National Land Transport Fund receipts from sale of state highway-held properties	13	29	51
Purchase of property, plant, equipment and intangible assets	(39)	(40)	(26)
Investment in the state highway network	(1,800)	(2,781)	(1,698)
Net cash from investing activities	(1,826)	(2,792)	(1,673)
Cash flows from financing activities			
Capital contribution from the National Land Transport Fund	305	375	613
Capital contribution from the Crown	521	909	356
Receipts from borrowing	862	1,008	445
Repayment of borrowing	(184)	0	(352)
Interest paid on borrowing	(125)	(123)	(44)
Net cash from financing activities	1,379	2,169	1,018
Net (decrease)/increase in cash and cash equivalents	42	0	10
Cash and cash equivalents at the beginning of the year	180	50	170
Cash and cash equivalents at the end of the year	222	50	180

Reconciliation of net surplus to net cash from operating activities

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Surplus/(deficit)	7	(26)	6
Add/(deduct) non-cash/non-operating items:			
Depreciation, amortisation and state highway write-off	832	798	749
Losses on disposal of non-financial assets	9	10	8
(Gains)/Losses on FX derivatives	(6)	0	0
Net impact of assets vested to/(from) local authorities	0	409	2
Movement in discounting on receivables	3	2	(1)
Interest on borrowings	155	126	71
Movement in discounting on borrowings	0	10	2
Movement in ineffective portion of cash flow hedge	0	(1)	(15)
Total non-cash/non-operating items	993	1,344	816
Add/(deduct) movements in working capital:			
(Increase)/decrease in Debtor National Land Transport Fund and Debtor Crown	(660)	(745)	(144)
(Increase)/decrease in receivables and other assets	(1)	(5)	47
Increase/(decrease) in creditors and other payables	145	50	(66)
Increase/(decrease) in employee entitlements	5	5	6
Net movements in working capital items	(511)	(695)	(157)
Net cash from operating activities	489	623	665

Notes to the financial statements

1 | Entity information

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

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

Waka Kotahi does not operate to make a financial profit.

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

Basis of preparation

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

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

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

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

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

Budget figures

The budget figures are derived from the Statement of performance expectations 2022/23 as approved by the Board on 17 June 2022. The budget figures were prepared in accordance with NZ GAAP, using accounting policies that are materially consistent with those adopted by the Board in preparing these financial statements. The budget figures are not audited and certain balances have been reclassified to reflect the actual spend during 2022/23.

Related party disclosures

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

Taxes

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

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

Capital management

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

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

Debtor National Land Transport Fund and Debtor Crown

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

Debtor National Land Transport Fund – debt related represents operating and capital expenditure for programmes that are funded by loans and public-private partnerships that will be reimbursed by the National Land Transport Fund over future financial periods. The receivable balance has been discounted over its term at the effective interest rate at the transaction date.

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

Receivables

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

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

There is no indication that Debtor National Land Transport Fund or Debtor Crown are impaired as at 30 June 2023. We have considered the credit risk to Waka Kotahi from the National Land Transport Fund in note 11.

Accounting standards issued and not yet effective

Waka Kotahi has adopted all accounting standards, amendments and interpretations to existing standards that have been published and are mandatory from 1 July 2022.

Critical accounting judgements, estimates and assumptions

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

2 | Operating and capital funding and expense

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

2022/23

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
National Land Transport Fund						
Public-private partnerships	0	14	14	0	14	14
State highway improvements	761	123	884	796	127	923
Local road maintenance	1,047	0	1,047	1,047	0	1,047
State highway maintenance	1,211	(49)	1,162	1,278	(49)	1,229
Public transport services	497	0	497	498	0	498
Public transport infrastructure	488	58	546	489	58	547
Local road improvements	120	0	120	134	0	134
Walking and cycling improvements	83	92	175	84	92	176

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Investment management	65	0	65	67	0	67
Road to zero	165	202	367	165	202	367
Coastal shipping	23	0	23	23	0	23
Local road improvements (Housing Infrastructure Fund)	37	0	37	37	0	37
Road user charges collection, investigation and enforcement	10	0	10	10	0	10
Refund of fuel excise duty	4	0	4	4	0	4
Total National Land Transport Fund funding and expense	4,511	440	4,951	4,632	444	5,076
Total Budget***	4,107	969	5,076	4,127	969	5,096

Classified as follows:

Funding paid to approved organisations

2,432

Waka Kotahi operating expenditure

2,200

Total National Land Transport Fund expense

4,632

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

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Crown						
NZ Upgrade Programme	0	478	478	0	478	478
COVID -19 related funding - public-private partnerships	18	0	18	0	0	0
Half price funding of public transport	134	0	134	134	0	134
Local road improvements (Provincial Growth Fund)	11	0	11	11	0	11

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Climate Emergency Response Fund						
Bus decarbonisation	1	0	1	1	0	1
Community connect programme	3	0	3	3	0	3
Mode shift - walking and cycling improvements	12	0	12	12	0	12
Mode shift - Public Transport Services	1	0	1	1	0	1
Mode shift - Public Transport Infrastructure	1	0	1	1	0	1
Mode shift - investment management	2	0	2	2	0	2
Retaining and recruiting bus drivers	3	0	3	3	0	3
Ngauranga to Petone walking and cycling path	0	21	21	0	21	21
SuperGold card administration and public transport concessions	34	0	34	34	0	34
Crown (Supporting regions programme)	0	24	24	0	24	24
Eastern busway project	31	0	31	31	0	31
Kaikōura earthquake response	4	(5)	(1)	4	(5)	(1)
Crown infrastructure partners	0	47	47	0	47	47
Clean car discount	347	0	347	347	0	347
Clean car standard	11	11	22	11	11	22
Other Crown funding and expense	63	0	63	55	0	55
Total Crown funding and expense	676	576	1,252	650	576	1,226
Total Budget***	413	908	1,321	410	908	1,318
Classified as follows:						
Funding paid to approved organisations				230		
Waka Kotahi operating expenditure				420		
Total Crown expense				650		

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Total funding and expense from fees, charges and other revenue	309	0	309	207	0	207
Total Budget***	204	0	204	213	0	213
Total revenue and expense	5,496	1,016	6,512	5,489	1,020	6,509
Total Budget***	4,724	1,877	6,601	4,750	1,877	6,627

*Funding from borrowing facilities is included within the funding revenue and capital funding columns. A non-current debtor from the National Land Transport Fund (NLTF) is recognised when borrowing facilities are drawn down to reflect the future obligation of the NLTF to fund Waka Kotahi for the borrowing repayment. The financing component included in 2022/23 is: \$81 million state highway improvements; \$65 million local road maintenance; \$146 million public transport infrastructure; \$6 million public transport services; \$104 million state highway maintenance; \$163 million local road improvements; \$48 million road to zero and \$102 million walking and cycling improvements.

***Budgets by output class are included in the output class income and expenditure statements from page 142 to 154.

2021/22

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
National Land Transport Fund						
Public-private partnerships	0	200	200	0	160	160
Public-private partnerships - impact of derivative and interest payment funding movements	0	(332)	(332)	0	(332)	(332)
State highway improvements	654	197	851	609	200	810
Local road maintenance	737	0	737	737	0	737
State highway maintenance	781	0	781	837	0	837
Public transport services	431	0	431	431	0	431
Public transport infrastructure	303	47	350	303	47	350
Local road improvements	142	0	142	142	0	142
Walking and cycling improvements	70	64	134	70	72	142
Investment management	60	0	60	58	0	58

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Road to zero	111	188	299	111	190	301
Local road improvements (Housing Infrastructure Fund)	31	0	31	31	0	31
Road user charges collection, investigation and enforcement	8	0	8	8	0	8
Refund of fuel excise duty	4	0	4	4	0	4
Total National Land Transport Fund funding and expense	3,332	364	3,696	3,341	337	3,678
Classified as follows:						
Funding paid to approved organisations				1,785		
Waka Kotahi operating expenditure				1,556		
Total National Land Transport Fund expense				3,341		
Crown						
NZ Upgrade Programme	6	320	326	6	320	326
COVID-19 related funding - public transport	47	0	47	47	0	47
COVID-19 related funding - public-private partnerships	82	0	82	82	0	82
Return of COVID-19 funding - State highway improvements	(2)	0	(2)	(2)	0	(2)
COVID-19 - protection of core regulatory services**	7	0	7	0	0	0
Half price funding of public transport	26	0	26	26	0	26
Local road improvements (Provincial Growth Fund)	34	0	34	34	0	34
SuperGold card administration and public transport concessions	30	0	30	30	0	30
Crown (Accelerated Regional Roding Programme)	0	4	4	0	4	4
Crown (Supporting regions programme)	2	34	36	2	34	36

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Kaikōura earthquake response	2	0	2	2	0	2
Crown infrastructure partners	0	27	27	0	27	27
Clean car discount	126	3	129	126	2	128
Clean car standard	2	4	6	2	4	6
Other Crown funding and expense	32	0	32	33	0	33
Total Crown funding and expense	394	392	786	388	391	779
Classified as follows:						
Funding paid to approved organisations				139		
Waka Kotahi operating expenditure				249		
Total Crown expense				388		
Total funding and expense from fees, charges and other revenue	272	0	272	263	0	263
Total revenue and expense	3,998	756	4,754	3,992	728	4,720

Funding from the National Land Transport Fund and the Crown

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

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

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

Funding from fees, charges and other revenue

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

Land transport funding

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

Explanation of major variances against budget

Operating expense related to the National Land Transport Fund was \$505 million (12 percent) above budget. This is primarily due to higher than budgeted state highway maintenance and local road maintenance as a result of the North Island weather events.

Operating expense related to the Crown was \$240 million (59 percent) above budget. This was mainly due to payment of clean vehicle discount scheme rebates that were higher than budget. Also higher than the original budget were additional claims to meet the funding of half price ticketing on public transport.

Capital expense related to the National Land Transport Fund was \$525 million (54 percent) below budget. This was mainly due to the fair value movements of public-private partnership interest rate swaps which impact on the overall expenditure position.

Capital expense related to the Crown was \$332 million (37 percent) below budget. This was the result of lower spend in the NZ Upgrade Programme due to scope revisions that occurred in 2021/22. In particular, the decision to no longer proceed with certain projects.

3 | Revenue from other activities

	Actual 2022/23 \$M	Actual 2021/22 \$M
Fees and Charges		
Motor vehicle licensing fees	54	48
Driver licensing fees	40	35
Driver testing fees	27	23
Road user charges collections	13	13
Certification review fees	11	11
Transport licensing fees	12	10
Standards development fee and certification levies	7	7
Rail licensing fees	2	2
Over dimension and overweight permits	2	2
Border inspection fees	1	1
Total fees and charges	169	152

	Actual 2022/23 \$M	Actual 2021/22 \$M
Recoveries from National Land Transport Programme and other activities*	81	79
Interest and finance income	26	17
Tolling fees and contributions	17	15
Levy on personalised plates for community road safety initiatives	9	8
Miscellaneous revenue	7	1
Total revenue from other activities	309	272

* Included developer contributions.

4 | State highway network

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance	74,421	58,986
Additions*	2,891	2,982
Depreciation**	(797)	(721)
Write-offs**	(18)	(12)
Assets vested to local authorities	0	(2)
Disposals	(21)	(59)
Revaluation of state highway network	6,484	13,324
Impairment through the revaluation reserve	(318)	(71)
Assets transferred from/(to) held for sale	(5)	(6)
Closing balance	82,637	74,421

*Additions include the transfer of the public-private partnership assets into the state highway. Transmission Gully in 2021/22 and Pūhoi to Warkworth in 2022/23.

**Depreciation, amortisation and state highway write-off balance included in the statement of comprehensive revenue and expense \$16 million (2021/22: \$16 million) of depreciation and amortisation relating to property, plant, equipment and intangible assets and is not included in the state highway network disclosure above.

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

Valuation

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

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

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

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

State highway network components	Optimised depreciated replacement cost		Depreciation expense	
	Actual 2022/23 \$M	Actual 2021/22 \$M	Actual 2022/23 \$M	Actual 2021/22 \$M
Land*	23,135	23,486	0	0
Formation	19,648	16,907	0	0
Pavement base course**	11,213	9,769	59	88
Pavement surface	2,002	1,640	233	217
Drainage	3,140	2,615	75	63
Traffic facilities	2,073	1,836	130	107
Bridges	14,572	12,198	179	138
Culverts and subways	974	852	21	17
Tunnels and other structures	5,376	4,680	60	52
Miscellaneous***	504	438	39	39
Total	82,637	74,421	796	721

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

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

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

State highway assets increased in value by \$8 billion mainly due to price movement in unit rates reflecting the current costs of construction, the inclusion of the Pūhoi to Warkworth public-private partnership asset now operational on the state highway and annual capital expenditure on state highway projects.

Depreciation

Depreciation is calculated on a straight-line basis on state highway network assets (other than land, held properties, formation and the subbase component of pavement) at rates that will reduce the value of the assets to their estimated residual value over the useful life of the assets. The depreciation expense for 2022/23 is calculated based on the 30 June 2022 valuation.

Impairment

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

The main impairment of significance is from the North Island weather events during January and February that resulted in significant damage and/or debris restricting access to the state highway network, particularly in Northland, Coromandel, Gisborne and the Hawkes Bay. After a number of temporary road closures to repair slips in the Brynderwyn Hills in Northland the road is now open to traffic and no impairment has been applied.

For Coromandel the slip has resulted in the write-off of a 110 metre section of road, the rest of the road is functional and no impairment has been applied.

For the east coast regions there were three state highway bridges destroyed and written off with the remaining affected network considered for impairment. While the installation of Bailey bridges has reinstated access, there are limitations and restrictions which limit the full service potential of the highway and numerous underslips and washout sections remain. The level of damage is still being assessed and quantified, therefore the application of a general impairment has been derived based on the value of the affected network. A \$228 million impairment has been applied to recognise the temporary damage and loss of service on the state highways 2, 5, 35 and 38. The cost of recovery and rebuild will be significantly higher than the impairments and write-offs taken.

Significant rain over August 2022 caused several slips under State Highway 1 through the Mangamuku Gorge in Northland that resulted in the closure of the road, and is not expected to reopen until May 2024, while the corridor is reinstated. The reinstatement cost options exceed the carrying value of the Mangamuku Gorge corridor section and with it not being operational, it has been fully impaired.

There are existing impairments on the network relating to pavement issues and several New Zealand Upgrade projects due to changes by the government to either rescope the project or to not progress. Rescoped projects may utilise the work completed to date and those not progressing have been fully impaired excluding land or property purchases. The pavement issues are expected to be resolved during the 2023/24 financial year.

Estimates, assumptions and judgements

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

Estimates have also been made in impairments particularly from The North Island weather events of early 2023.

Changes to the underlying estimates and assumptions can cause a material movement in the state highway valuation and are reviewed periodically.

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

The state highway valuation improvement programme for 2022/23 continued the focus on simplifying the valuation process and improving the quality of the valuation input and outputs. The main improvement undertaken for the year was the continued refinement of the land corridor valuation process through the use of a Geospatial Information System (GIS) that was implemented for the first time in 2020/21. Waka Kotahi also continued testing and development of an internal valuation tool with the purpose of providing greater clarity on the valuation movements and compilation of the valuation results.

The table below represents estimated input used in the 2022/23 valuation.

State highway network component	Quantity	Rate	Useful life (years)	Basis of evaluation
Land	Land corridor: 35,406ha Held property	QV rateable values and index Market price	N/A	Corridor land (land associated with the road) is valued by Waka Kotahi GIS system based on QV rateable values per square metre of the surrounding land. Rateable values are indexed between the 3-yearly RV updates. Held properties, which are properties not yet part of corridor land, are based on market prices determined by Darroch Ltd.
Formation (earthworks)	Formation: 105,878,154m ² Shoulder formation: 21,276,999m ²	Unit prices and an overhead rate	N/A	Unit rates are provided by BondCM based on terrain type groupings and adjusted for construction overhead costs.
Pavement subbase and base course	Pavement other: 22,122,849m ³ Shoulder basecourse: 3,103,107m ³	Unit prices and an overhead rate	75-150 for basecourse N/A for subbase which is non-depreciable	Subbase and basecourse quantities are determined from Austroads Pavement Design Guide. Unit rates are provided by BondCM.
Pavement surface	Pavement surface: 120,410,520m ²	Unit prices and an overhead rate	11-14	Unit rates are provided by BondCM and adjusted for overhead costs.
Drainage	Drainage: 141,594 units Stormwater channel: 15,356,569m	Unit prices and an overhead rate	50	Unit rates are provided by BondCM and adjusted for overhead costs.

State highway network component	Quantity	Rate	Useful life (years)	Basis of evaluation
Traffic facilities	Railings: 2,981,712m Signs: 196,721 units Traffic facilities: 11,796,042m	Unit prices and an overhead rate	10-25	Unit rates are provided by BondCM for railings and signs adjusted for overhead costs. Quantities derived by WSP from a combination of historical cost data and recent construction costs.
Bridges	2,783 bridges	Unit prices and an overhead rate	90-100	Unit rates are provided by BondCM and adjusted for overhead costs.
Culverts and subways	Culverts and subways: 1,626 units and 439,651m	Unit prices and an overhead rate	50-75	Unit rates are provided by BondCM and adjusted for overhead costs.
Other structures	Retaining walls: 828,481m Tunnels: 22 structures	Unit prices and an overhead rate	10-100	Unit rates are derived from a combination of indexed historical cost data and recent construction costs.

Unit prices

A significant component of the valuation is based on unit prices provided by BondCM. In 2021, BondCM applied rates calculated using the Auckland market as the base and then assessed for regional price differences for major cost elements (such as labour, plant and materials) from which a weighting was derived to determine regional rates for each item. The regional weightings are based on costs BondCM has observed in the regions. In 2022, BondCM applied indexation to the 2021 rates as per the cyclical rates review methodology. WSP reviewed the indices and updated for market trends from available information. The unit rates provided by BondCM generally relate only to the cost of physical construction and do not include overhead costs that would also be incurred to replace or install the asset. For 2023 the regional weightings were changed in favour of a universal rate given there was very little variability between the regional rates. The exception being Wellington which has a +5% adjustment applied to the national rates. The adjustment for the Wellington region is driven by input costs due to limited suitable aggregate supply. Combined with the large number of infrastructure projects in the region competition prices for labour is increased.

Overhead costs

Overhead costs are estimated by BondCM based on actual information for recently completed projects. The rate of overheads incurred on a project can vary significantly depending on whether the construction is taking place in a greenfield or brownfield environment. BondCM proposed a 1% increase to the preliminary and general oncost component of the overheads which Waka Kotahi has applied in the valuation. Overheads include the sum of preliminary and general oncost (36 percent) multiplied by professional fees, including Waka Kotahi costs (15 percent), and brownfield costs (15 percent for urban and motorway carriageways and 5 percent for rural carriageways).

Quantities

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

Work in progress

Recent capital expenditure is not yet reflected in the asset database. This is because the projects are large and it can take several years to finalise the project and complete the necessary records in the asset management information systems. Typically, large projects are entered into the information systems some years after they are first operational given the complexity of the asset components. The total work in progress included in the valuation is \$12 billion, which is initially recognised at cost, with prior years' work in progress being indexed. This includes the two PPPs as they are newly operational and the asset management systems have not been fully updated. The associated quantities for the work in progress projects are not included in the input table.

Valuation inputs subject to estimation uncertainty

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

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

Sensitivity analysis

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

	Change in optimised depreciated replacement cost 2022/23 \$M	Change in optimised depreciated replacement cost 2021/22 \$M
Movement in P&G on-cost by 10% (from 35.0% to 38.5% 2021/22. 36.0% to 39.6% 2022/23)	1,575	1,321
Movement in external professional fees by 10%	621	430
Movement in formation unit cost by 10%	1,965	1,691
Movement in bridge unit cost by 10%	1,457	1,220
Movement in unit cost* by 10%	2,876	2,446
Movement in land corridor cost by 10%	2,316	2,349
Movement in brownfield cost by 10%	389	245
Movement in price index** by 10%	5,956	4,826

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

**Excludes land.

WSP performed simulation analysis on the valuation to quantify the range of valuation outcomes that could occur as a result of changes in the valuation input. WSP concluded that the overall valuation is likely to be between -7.5 percent and +10 percent of the current value. The sensitivity analysis above is only an indication of the range of possible impacts and should not be interpreted as the likely actual impact.

Property assets held for sale

Waka Kotahi owns 84 properties valued at \$38 million (2021/22: 48 properties valued at \$32 million) that have been classified as held for sale. It is expected that these properties will be sold by 30 June 2024. Held properties are classified as property assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Explanation of major variances against budget

State highway assets were \$82,637 million, \$196 million (<1 percent) is near the budget of \$82,441.

5 | Public-private partnership assets and liabilities

	Actual 2022/23 \$M	Actual 2021/22 \$M
Assets		
Transmission Gully*	0	0
Pūhoi to Warkworth**	0	980
Total public-private partnership assets	0	980
Liabilities		
Transmission Gully	1,042	1,049
Pūhoi to Warkworth	907	850
Total public-private partnership liabilities	1,949	1,899

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

** Pūhoi to Warkworth became operational in June 2023. At this point the public-private partnership asset was included in the state highway asset at its carrying value of \$1,056 million.

Public-private partnership agreements

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

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

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

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

Once operational, the public-private partnership assets will be accounted for in as part of the state highway.

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

The operational agreements run for 25 years from the service commencement date, after which the responsibility for ongoing operation and maintenance of both roads will revert to Waka Kotahi.

At contract inception it was intended that once the public-private partnership assets become operational, Waka Kotahi would pay the contractor a quarterly unitary charge in arrears subject to satisfactory performance against agreed service levels. The unitary charge has three components:

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

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

Under the settlement agreements agreed between Waka Kotahi and the PPP counterparties in 2021/22, the debt component of the Quarterly payments have commenced before service commencement date. This has occurred for both Transmission Gully and Pūhoi to Warkworth.

Transmission Gully public-private partnership

The COVID-19 lockdown in March and April 2020 was considered an uninsurable event for which Waka Kotahi, the Builder and Wellington Gateway Partnership negotiated a commercial settlement in financial year 2020/21. Under the terms of the settlement agreement, risks and costs related to Alert Levels 1 and 2 are the Builder's responsibility. Waka Kotahi was exposed to risks and costs associated with any future periods at Alert Levels 3 and 4. Agreement is still to be reached between the parties of the impacts of the lockdowns on the project. On 25 September, Waka Kotahi received a claim for cost and delay from the Builder, lodged in the High Court, relating to COVID-19 and a number of other matters.

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

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

Pūhoi to Warkworth public-private partnership

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

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

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

otherwise agreed by the parties. A revised claim for approximately \$253 million was received on 15 September 2023, which has been recognised as a contingent liability. A portion of the claim (\$174 million) has noted as being subject to ongoing assessment and may be revised.

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

Refer to the Contingent liabilities note for further information on Pūhoi to Warkworth.

Deed of Indemnity

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

Commitments

The total estimated capital and operating expenditure to be paid throughout the 25-year period is \$2.5 billion for Transmission Gully and \$1.7 billion for Pūhoi to Warkworth.

Explanation of major variances against budget

Public-private partnership assets were nil, \$1,025 million (100 percent) below a \$1,025 million budget due to the assumption in the budget that the Pūhoi to Warkworth road would not open in before 30 June 2023.

Public-private partnership liabilities were \$1,949 million, \$32 million (2 percent) above budget of \$1,917 million mainly due to movements in floating market interest rates and timing of quarterly unitary payments. The interest rate movements are offset by the derivative financial liability which ensures Waka Kotahi pays a fixed interest rate.

6 | Capital commitments

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

	Actual as at 30 June 2023 \$M	Actual as at 30 June 2022 \$M
Not later than one year	1,030	1,384
Later than one year and not later than five years	1,401	996
Later than five years	6	0
Total capital commitments	2,437	2,380

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

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

	Note	Actual 2022/23 \$M	Actual 2021/22 \$M
Salaries and wages		204	170
Defined contribution plan employer contributions		7	6
Other employee costs	6	7	6
Total Waka Kotahi NZ Transport Agency employee costs*		218	182

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

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Total employee costs	289	262
Deduct:		
Transport Agency capitalised employee costs allocated to NLTP activities	(42)	(44)
Transport Agency operating employee costs allocated to NLTP activities	(29)	(36)
Total Waka Kotahi NZ Transport Agency employee costs*	218	182

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

Explanation of major variances against budget

Net employee costs were \$218 million, which was near the budget of \$223 million (2 percent below budget).

Employee entitlements (included in the statement of financial position)

	Actual 2022/23 \$M	Actual 2021/22 \$M
Employee entitlements – current	33	28
Employee entitlements – non-current	4	4
Total Waka Kotahi NZ Transport Agency employee entitlements	37	32

Key management personnel

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

Key management personnel compensation

	Note	Actual 2022/23 \$000	Actual 2021/22 \$000
Board members			
Remuneration		377	353
Number of Board members in the financial year	a	10	10
Leadership team			
Remuneration	c	4,223	4,289
Number of personnel	b	13	12
Total key management personnel compensation		4,600	4,642
Total personnel during the year		23	22

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

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

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

d. The total number of key management personnel at balance date is 21 (2021/22: 18).

Board member remuneration

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

	Appointed	Resigned	Actual 2022/23 \$000	Actual 2021/22 \$000
Dr. Paul Reynolds (Chair)	February 2023		29	0
Cassandra Crowley (Deputy Chair)	September 2019		45	45
Catherine Taylor	September 2019		39	39
Patrick Reynolds	September 2019		36	36
Victoria Carter	September 2019		39	39
David Smol	February 2019		36	36
John Bridgman	July 2020		39	39
Ngarimu Blair	November 2021		36	15
Tracey Martin	November 2021		36	21
Sir Brian Roche (Former Chair)	June 2019	January 2023	42	71
Ken Rintoul	September 2019	November 2021	0	12
Total board member remuneration			377	353

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

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

No board members received compensation or other benefits in relation to cessation (2021/22: \$nil).

Employee remuneration

Total remuneration paid or payable	No. of staff 2022/23	No. of staff 2021/22
100,000-109,999	157	143
110,000-119,999	182	190
120,000-129,999	161	177
130,000-139,999	181	156
140,000-149,999	163	118
150,000-159,999	115	83
160,000-169,999	109	75
170,000-179,999	80	37
180,000-189,999	55	43
190,000-199,999	37	27
200,000-209,999	29	18
210,000-219,999	23	14
220,000-229,999	24	13
230,000-239,999	18	10
240,000-249,999	13	10
250,000-259,999	13	8
260,000-269,999	11	8
270,000-279,999	6	2
280,000-289,999	6	5
290,000-299,000	2	1
300,000-309,000	2	3
310,000-319,999	4	4
320,000-329,000	3	3
330,000-339,999	1	0
340,000-349,999	1	0
350,000-359,999	1	1
360,000-369,999	2	0
370,000-379,999	1	1
380,000-389,999	1	2
390,000-399,999	2	1

Total remuneration paid or payable	No. of staff 2022/23	No. of staff 2021/22
400,000-409,999	1	0
410,000-419,999	1	1
450,000-459,999	1	1
460,000-469,999	2	1
480,000-489,999	0	1
580,000-589,999	0	1
650,000-659,999	0	1
720,000-729,999	2	0
Total employees	1,410	1,159

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

For the 2022/23 Waka Kotahi provided permanent employees with life, critical illness and income protection insurance. The remuneration above includes the cost of this insurance benefit for permanent employees.

In 2022/23, 27 (2021/22: 11) Waka Kotahi employees received compensation and other benefits in relation to cessation of \$1.4 million (2021/22: \$0.5 million). These costs are excluded from the remuneration table above.

8 | Waka Kotahi NZ Transport Agency operating expenses and payables

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

	Note	Actual 2022/23 \$M	Actual 2021/22 \$M
Commissions and transaction costs	a	83	75
Contractor and professional services		2	9
Information technology		52	40
Operating lease expense		13	13
Office and building management		8	8
Employee travel		6	2
Meetings and conferences		1	1
Fees to principal auditors for:			
- audit of financial statements		0.6	0.5
- other assurance services	b	0.1	0.1
Other operating expenses		3	9
Waka Kotahi NZ Transport Agency operating expenses		169	158

- a. This category includes payments to agents for driver licensing services, motor vehicle registration and motor vehicle licensing services, personalised plates, card merchant fees and bulk postage transaction costs. These costs have been impacted by lockdowns in both financial years.
- b. Other assurance services fees by KPMG included a review of the application of the scrutiny principle.

Explanation of major variances against budget

Operating expenses were \$169 million, \$25 million (13 percent) below budget of \$194 million mainly due to savings in contracted and professional services.

Payables (included in the statement of financial position)

	Actual 2022/23 \$M	Actual 2021/22 \$M
Creditors	851	640
Income in advance	18	38
Goods and services tax payable	22	0
Total Waka Kotahi NZ Transport Agency payables	891	678

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

9 | Operating leases

Operating leases as lessee

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Not later than one year	20	15
Later than one year and not later than five years	50	56
Later than five years	38	49
Total non-cancellable operating leases	108	120

Significant operating leases are limited to buildings for office accommodation. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

10 | Provisions

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

	State highway - current \$M	Onerous contracts - current \$M	Onerous contracts - non-current \$M	Total \$M
Balance at 1 July 2021	64	1	1	66
Additional provisions made	30	1	0	31
Amounts used	(49)	0	(1)	(50)
Unused amounts reversed	(1)	0	0	(1)
Balance at 30 June 2022/1 July 2022	44	2	0	46
Additional provisions made	20	0	0	20
Amounts used	(11)	(2)	0	(13)
Unused amounts reversed	(27)	0	0	(27)
Balance at 30 June 2023	26	0	0	26

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

Refer to note 13 for details on contingent liabilities.

Explanation of major variances against budget

Provisions were \$26 million, \$40 million (61 percent) below budget of \$66 million mainly due to state highway contractual claims for COVID-19 being finalised.

11 | Borrowings, financial instruments and financial risk management

Waka Kotahi had the following borrowings outstanding at 30 June 2023.

Name	Total facility \$M	Nominal amount borrowed \$M	Actual 2022/23 \$M	Actual 2021/22 \$M	Interest rate	Final repayment date
Auckland Transport Package	375	354	326	318	The interest-free loan was discounted using government bond rates of 2.36% to 3.29%.	June 2027
Housing Infrastructure Fund	389	84	66	46	The interest-free loan was discounted using government bond rates of 0.50% to 4.54%.	June 2033
Total interest free borrowing			392	364		

Name	Total facility \$M	Nominal amount borrowed \$M	Actual 2022/23 \$M	Actual 2021/22 \$M	Interest rate	Final repayment date
Tauranga Eastern Link	107	107	107	110	\$87 million at fixed rates ranging from 4.99% to 5.14%. \$20 million at floating rates.	June 2050
Regulatory facility	95	60	63	52	Fixed rates ranging from 1.32% to 3.07%.	December 2032
COVID-19 NLTF borrowing facility	425	325	332	332	Fixed rates ranging from 1.10% to 1.18%.	June 2027
Short term facility	500	375	375	0	Floating rates.	Not applicable
2021-24 NLTP facility*	2,000	500	514	302	Fixed rate of 3.63%.	April 2032*
Total borrowing			1,783	1,059		
Tolling funds held in trust			4	4		
Total borrowing and other liabilities			1,787	1,063		
Classified as follows:						
Current			129	4		
Non-current			1,658	1,059		
Total			1,787	1,063		

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

Interest-free loan movements are as follows.

*Under the draft GPS, the NLTP facility loan is proposed to be restructured into a table mortgage loan with repayments commencing in 2024.

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance	364	334
Face value of loans issued	28	28
Fair value adjustment	(10)	(7)
Repayments	0	0
Amortised interest (at government bond rates)	10	9
Closing balance	392	364

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

Interest and finance costs are as follows.

	Actual 2022/23 \$M	Actual 2021/22 \$M
Interest on borrowings	30	12
Interest on public-private partnerships	117	21
Interest rate swap net payment	8	37
Discount on Debtor National Land Transport Fund – debt related	13	9
Amortisation of discount on borrowings	10	9
Ineffective portion of cash flow hedge	0	(15)
Total interest and finance costs	178	73

Financial instruments

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

	Category	Actual 2022/23 \$M	Actual 2021/22 \$M
Financial assets			
Cash and cash equivalents	A	222	180
Debtor National Land Transport Fund and Debtor Crown	A	4,361	3,523
Other receivables and other assets	A	67	41
Derivative financial asset	C	28	0
Foreign exchange forward contracts asset	B	7	0
Total financial assets		4,685	3,744
Financial liabilities			
Payables	A	891	678
Borrowing and other liabilities	A	1,787	1,063
Public-private partnership liabilities	A	1,949	1,899
Derivative financial liability	C	75	131
Total financial liabilities		4,702	3,771

A: Measured at amortised cost

B: At fair value through profit or loss

C: Fair value through other comprehensive revenue and expense

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

	Actual 2021/22 \$M	Cash inflows \$M	Cash outflows \$M	Non-cash \$M	Changes in fair value \$M	Other \$M	Actual 2022/23 \$M
Financial liabilities measured at amortised cost							
Borrowings	1,063	862	(170)	0	1	31	1,787
Public-private partnership liabilities	1,899	0	(131)	99	0	82	1,949
Financial liability at fair value through other comprehensive revenue and expense							
Derivative liabilities	131	0	(8)	0	(41)	(7)	75
Total	3,093	862	(309)	99	(40)	106	3,811
Financial liabilities measured at amortised cost							
Borrowings	883	445	(279)	0	2	12	1,063
Public-private partnership liabilities	1,842	0	(77)	160	0	(26)	1,899
Financial liability at fair value through other comprehensive revenue and expense							
Derivative liabilities	478	0	(42)	0	(309)	4	131
Total	3,203	445	(398)	160	(307)	(10)	3,093

Financial risks

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

Market risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure of Waka Kotahi to the risk of changes in market rates relates primarily to interest rates on long-term debt obligations. This is managed by having loans that are at fixed interest rates. As at 30 June 2023, approximately 78 percent (2021/22: 98 percent) of loans are either interest free or on a fixed interest rate.

Waka Kotahi has entered into public-private partnership agreements for the construction of Transmission Gully and Pūhoi to Warkworth. The arrangements require that a quarterly unitary charge be paid to the contractors from the time the section of state highway becomes operational (or earlier as per note 5). The unitary charge includes payment for finance costs that the operators have provision to re-price periodically during the 25-year term. Waka Kotahi has entered into interest rate swap contracts to hedge the re-pricing of interest costs. The total amount of forecast payments exposed to interest rate risk is fully hedged.

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

Swap relates to	Notional value of interest rate swap \$M	Commencement date	Maturity date	Interest rate pay leg (fixed)	Interest rate receive leg	Fair value of liability \$M
Transmission Gully	848	February 2021	October 2043	5.58%	Floating, with periodic reset	75
Pūhoi to Warkworth	765	August 2023	August 2045	4.16%	Floating, with periodic reset	(28)
Total						47

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

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

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

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

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

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

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Balance as at 1 July	(64)	(396)
Effective cash flow hedge	84	332
Cash flow hedge reserve	20	(64)

During the year, the total ineffective portion of the cash flow hedge reserve charged to surplus or deficit is nil (2021/22: \$15 million deficit).

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

	2022/23		2021/22	
	+1% \$M	-1% \$M	+1% \$M	-1% \$M
Effect on surplus or deficit				
Cash and cash equivalents	2.2	(2.2)	1.8	(1.8)
Effect on other comprehensive revenue and expense				
Derivative financial liability	5.9	(84.8)	145.9	(170.8)
Effect on surplus or deficit				
Borrowing	(0.2)	0.2	(0.2)	0.2

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

Credit risk

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

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

Waka Kotahi holds all cash and term deposits with Westpac New Zealand Limited. At 30 June 2023, Westpac had a Standard and Poor's credit rating of AA-. The largest debtor is the Crown, which has a Standard and Poor's credit rating of AA+.

Waka Kotahi is dependent upon funding from the National Land Transport Fund.

Liquidity risk

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

Waka Kotahi manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and maintaining funding facilities of \$250 million to manage seasonal variations in cash flow (\$125 million draw down at 30 June 2023) and \$250 million to manage unexpected and unfavourable variations in cash flow (fully drawn down at 30 June 2023). Waka Kotahi has access to the facilities to support the NLTF and the regulatory function.

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

	Less than 1 year \$M	1-2 years \$M	2-5 years \$M	Over 5 years \$M
2022/23				
Payables	891	0	0	0
Borrowing	53	171	1,042	925
Derivative financial liability	(2)	(6)	25	46
Public-private partnership liabilities	198	286	749	2,929
Total	1,140	451	1,816	3,900
2021/22				
Payables	678	0	0	0
Borrowing	17	17	526	731
Derivative financial liability	17	12	43	122
Public-private partnership liabilities	110	73	231	2,386
Total	822	102	800	3,239

Explanation of major variances against budget

Cash and cash equivalents were \$222 million, \$172 million (344 percent) above budget of \$50 million. Additional cash was held to meet expected year end claims from suppliers and approved organisations.

Borrowing was \$1,787 million, \$767 million (30 percent) below budget of \$2,554 million due to lower than expected use of the 2021-24 NLTP facility primarily due to additional crown funding.

Derivative financial liability was net of \$48 million, \$293 million (86 percent) below budget of \$341 million due to movements in the fair value of the interest rate swap contracts entered into for the Transmission Gully and Pūhoi to Warkworth public-private partnership agreements. The fair value movements reflect market interest rates that have increased in the year.

12 | Regulatory equity accounts

Regulatory equity accounts

Regulatory equity accounts are notional accounts (sometimes known as memorandum accounts) that record the accumulated balance of surpluses and deficits incurred for third-party-funded regulatory outputs. These are for services that are intended to be fully recovered from third parties through fees, levies or charges. The balance of each memorandum account is intended to trend to zero over time. Waka Kotahi has grouped various fees, charges and appropriations into its memorandum regulatory equity accounts to group revenue and costs by summary product level.

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

The Regulatory equity account regime and categories are expected to change from 2023/24 following Cabinet approval of new fees and funding to better reflect the regulatory activities. Not all regulatory equity accounts were covered by the fees and funding review.

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

Amounts are in millions to one decimal point.

Total regulatory equity accounts movements

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance	(40.9)	(32.1)
Operating revenue	178.2	161.4
Expenditure	184.5	170.2
Net surplus/(deficit)	(6.3)	(8.8)
Closing balance before transfer to ring fenced debt account	(47.2)	(40.9)
Transfer of balance to Debt	47.2	0.0
Total regulatory equity account group after transfer to debt	0.0	(40.9)

Ringfenced regulatory equity account debt

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance - ringfenced debt	0.0	0.0
New debt*	(47.2)	0.0
Transfer from regulatory equity accounts to debt	0.0	0.0
Closing balance - ringfenced debt	(47.2)	0.0

* The regulatory equity accounts show a negative balance. Waka Kotahi has access to up to \$95 million of regulatory loans to provide interim funding for the operating deficit until the full implementation of a fees and charges review recently approved by Cabinet. The new fees and charges are forecast to commence from October 2023.

The regulatory funding activities undergo a substantial change as part of the reset following implementation caused by the fees and funding proposal. As part of that change, the combined deficit from the existing regulatory equity accounts is ringfenced from the new regulatory equity accounts. Additional revenue collected from fee payers and consulted on is then used to repay the debt over time.

Breakdown of third party account groupings

The below activities are ringfenced within equity and are tracked as memorandum accounts.

	Actual 2022/23 \$M	Actual 2021/22 \$M
Driver licensing and testing	0.0	(39.9)
Regulation of commercial transport operators	a	(11.0)
Vehicle safety and certification	b	13.4
Road user charges collections	0.0	(2.3)
Total covered by fees and funding*	0.0	(39.8)
Other regulatory items covered by fees and funding		
Rail	0.0	(1.1)
Tolling	13.4	11.2
Fuel excise duty refunds	0.0	0.0
Road user charges refunds	(0.5)	(0.1)
Road user charges investigations and enforcement	0.6	0.5
Community road safety programme	23.7	21.1
Total third-party equity groups	37.2	(8.2)

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

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

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

13 | Contingencies

13 Contingent liabilities as at 30 June 2023

Roading and other contract disputes

There are claims of \$275 million (2021/22: \$353 million) relating to a variety of roading and other contract disputes including contractual claims arising from property acquisitions and disposals. The most significant contingent liability relates to Pūhoi to Warkworth.

Apart from the above matters, there is continual dialogue between Waka Kotahi and its contractors over technical and commercial matters that may result in material dispute between the parties. As at 30 June 2023, Waka Kotahi has provided for certain contractual matters. Refer to note 10 provisions.

Public-private partnership claims

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

They have both had previous disputes and settlements. The most recent settlements have been in relation to the COVID related lockdowns of 2020.

In relation to progress and delays on the works since the 2020 settlements, Waka Kotahi has received a claim for Pūhoi to Warkworth comprising current and estimated future elements, totalling approximately \$253 million. The claim is moving to binding arbitration, with a decision required within 24 months of the service commencement date (June 2025). Included in the \$253million is \$92 million that Waka Kotahi has paid on account that would offset the amount of any successful claim. In the event the arbitration determined that no money was payable then the \$92 million would be returned to Waka Kotahi. Waka Kotahi has not been presented with any evidence to indicate that a claim of that size would be supported by an independent reviewer. The net contingent liability is \$161 million.

In addition to the quantifiable legal disputes, on 25 September 2023, Waka Kotahi received a claim for cost and delay from the Transmission Gully PPP builder, relating to COVID-19 and a number of other matters. The claim does not immediately establish the dollar value claimed by the builder, however based on discussions to date we expect this could be a material figure. Waka Kotahi's position remains that, based on discussions and documentation received from the builder prior to its claim in the High Court, no liability exists for Waka Kotahi. There is also substantial work required on the road for the builder to meet the contractual conditions.

14 | Events after balance date

There were no significant events after balance date aside from notification from the Crown of additional funding for North Island weather events of \$171 million and the revised claim on the Pūhoi to Warkworth and Transmission Gully public-private partnership which is disclosed in the Contingencies note.

Supplementary information (unaudited)

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

In this section you will find:

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

This information is consistent with and should be read in conjunction with the financial highlights from page 90 to 91 and the audited financial statements from page 92 to 131.

Waka Kotahi agency expenditure

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Employee costs	218	223	182
Operating expenses	169	194	158
Depreciation and amortisation expense	17	15	16
Waka Kotahi agency operating expenditure	404	432	356
Waka Kotahi agency expenditure recharged to projects*	(55)	(47)	(34)
Waka Kotahi agency expenditure allocated to the NLTP**	136	91	100
Waka Kotahi agency activities expenditure***	485	476	422

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

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

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

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

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Waka Kotahi		
National Land Transport Fund Operating funding	4,511	3,332
National Land Transport Fund Capital funding	440	364
Total funding from the NLTF	4,951	3,696
Deduct:		
Repayment/(Borrowing) (shock/seasonal facilities)	(376)	75
Repayment/(Borrowing) 2021-24 NLTP facility	(302)	(201)
Repayment/(Borrowing) - public-private partnerships and related interest rate swap	57	141
State highway improvements - public-private partnerships non-appropriated movement	(21)	164
State highway improvements - other non-appropriated movement	(1)	(17)
Local road improvements - Housing Infrastructure Fund non-appropriated movement	(37)	(31)
Other National Land Transport Fund revenue	(11)	(14)
Total National Land Transport Fund (NLTP) outflows	4,259	3,813

Performance by segment of the business

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

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

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Revenue			
Waka Kotahi NZ Transport Agency operations	210	179	167
Tolling - administration	17	18	15
Clean vehicle discount	347	174	126
Clean car standard	11	12	2
Memorandum account - other fees and charges	178	156	161
Land transport funding	4,036	3,967	3,273
Specific projects funded by the Crown	696	218	254
Total revenue	5,495	4,724	3,998
Expenditure			
Waka Kotahi NZ Transport Agency operations	201	174	166
Tolling - administration	14	10	10
Clean vehicle discount	347	174	126
Clean car standard	11	12	2
Memorandum account - other fees and charges	184	196	170
Land transport funding	4,035	3,972	3,264
Specific projects funded by the Crown	696	212	254
Total expenditure	5,488	4,750	3,992
Surplus/(deficit)			
Waka Kotahi NZ Transport Agency operations	9	5	1
Tolling - administration	3	8	5
Clean vehicle discount	0	0	0
Clean car standard	0	0	0
Memorandum account - other fees and charges	(6)	(40)	(9)
Land transport funding	1	(5)	9
Specific projects funded by the Crown	0	6	0
Total surplus/(deficit)	7	(26)	6

Clean vehicle discount scheme

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

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance	10	(1)
Revenue		
Fees from high emission vehicles	169	25
Crown grant Revenue*	167	114
Total revenue	336	139
Expenditure		
Clean vehicle rebates	342	121
Scheme administration	4	3
Project implementation	0	4
Total expenditure	346	128
Net surplus/(deficit)	(10)	11
Closing balance	0	10

*A \$302 million Crown grant was provided for the establishment of the scheme, administration costs and payment of rebates from 1 July 2021. A further \$100 million was provided in late 2022/23. Since the full scheme went live from 1 April 2022, the intent has been to use fees generated from high emission vehicles to pay for rebates, rather than use the Crown grant. The unspent portion of the Crown grant (\$120m) continues to be available if the fees generated are not enough to cover the payment of rebates.

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

	Actual life to date 2022/23 \$M	Actual life to date 2021/22 \$M
Life to date revenue received by Waka Kotahi from charges paid**	196	15
Less: life to date rebates paid and administration costs	475	129
Total deficit funded by the Crown grant	(279)	(114)

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

The Crown grant is repayable to Crown once the amount of revenue generated (from high emission vehicles) is \$15 million above the amount required to pay rebates (to low emission vehicles) and administer the scheme. Waka Kotahi has not repaid any of the Crown grant at 30 June 2023.

Land transport management (road tolling scheme)

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

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

Toll road traffic volumes and revenue for the year ended 30 June 2023

	Toll revenue (portion designated for repayment of Crown debt)			Traffic volumes (number of vehicles)		
	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M	Actual* 2022/23 M	Budget* 2022/23 M	Actual* 2021/22 M
Northern Gateway toll road - light vehicles	9.1	10.2	9.9	6.5	7.2	6.8
Northern Gateway toll road - heavy vehicles	2.0	2.3	2.3	0.6	0.7	0.6
Tauranga Eastern Link toll road - light vehicles	4.1	4.7	4.6	3.7	4.4	3.9
Tauranga Eastern Link toll road - heavy vehicles	1.9	2.1	2.1	0.5	0.9	0.5
Takitimu Drive toll road - light vehicles	4.1	4.3	4.5	4.4	4.4	4.4
Takitimu Drive toll road - heavy vehicles	2.9	3.0	3.2	0.8	0.8	0.8

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

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

Tolling revenues for the year ended 30 June 2023

	Tolling revenue used to repay debt		Tolling revenue used to operate the business		Total Tolling revenue	
	Actual 2022/23 \$M	Actual 2021/22 \$M	Actual 2022/23 \$M	Actual 2021/22 \$M	Actual 2022/23 \$M	Actual 2021/22 \$M
Northern Gateway toll road	11.1	9.9	5.0	4.3	16.1	14.2
Tauranga Eastern Link toll road	6.0	5.5	2.9	2.7	8.9	8.2
Takitimu Drive toll road	7.0	6.4	3.5	3.2	10.5	9.6
Total	24.1	21.8	11.4	10.2	35.5	32.0

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Debt and other financial obligations			
Tauranga Eastern Link toll road borrowing	107.0	107.0	107.0
Total	107.0	107.0	107.0
Toll revenue inflow to the National Land Transport Fund for repayment of debt			
Tauranga Eastern Link toll road	5.8	6.7	6.6
Takitimu Drive toll road	6.8	7.3	7.7
Total	12.6	14.0	14.3

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

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

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

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

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance	0.6	(0.2)
Tolling revenue used to repay debt	6.0	5.6
Interest expenditure on \$107 million loan	5.4	4.8
Net surplus/(deficit)	0.6	0.8
Closing balance	1.2	0.6

Financial statements for Waka Kotahi road tolling operations

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				
Toll fees	a	16.9	17.7	14.9
Total revenue		16.9	17.7	14.9
Expenditure		14.7	18.1	10.0
Net surplus		2.2	(0.4)	4.9

a. Toll fees includes \$11.0 million of tolling revenue used to operate the business (2021/22: \$10.0 million) and \$5.0 million of customer toll payment notice revenue (2021/22: \$5.0 million). Toll fees excludes tolling revenue used to repay debt. The tolling revenue used to repay debt is included in the Northern Gateway, Tauranga East Link and Takitimu Drive information on the previous pages.

Statement of financial position as at 30 June 2023

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Assets			
Current assets	22.1	22.5	20.7
Non-current assets	5.6	7.8	5.0
Total assets	27.7	30.3	25.7
Liabilities	14.3	15.4	14.5
Net assets/equity	13.4	14.9	11.2

Statement of cash flows for the year ended 30 June 2023

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Net cash from operating activities	23.1	27.1	22.0
Net cash from financing activities	(23.4)	(26.2)	(21.6)
Net increase in cash and cash equivalents	(0.3)	1.0	0.4
Cash and cash equivalents at the beginning of the year	13.1	12.9	12.7
Cash and cash equivalents at the end of the year	12.8	13.9	13.1

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

Waka Kotahi tolling equity account

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance	11.2	6.3
Revenue	16.9	14.9
Expenditure	14.7	10.0
Net surplus/(deficit)	2.2	4.9
Closing balance	13.4	11.2

Tolling provision for doubtful debts

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance as at 1 July	2.1	2.1
Movement in doubtful debts provision	0.3	0.0
Closing balance as at 30 June	2.4	2.1

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

Tolling bad debt write-off

	Actual 2022/23 \$M	Actual 2021/22 \$M
Bad debt write-off	1.5	1.6

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

Regional fuel tax

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

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

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Revenue		
Regional fuel tax	159	146
Rebates	(7)	(6)
Crown funds retained	0	0
Interest received	0	0
Total revenue	152	140
Distributed to:		
Auckland City Council	151	139
Transport Agency administration fee	1	1
Total distributions	152	140
Net surplus/(deficit)	0	0

Statement of financial position as at 30 June 2023

	Actual 2022/23 \$M	Actual 2021/22 \$M
Assets		
Cash and cash equivalents	17	17
Total assets	17	17
Liabilities		
Payables	15	15
Regional fuel tax rebate reserve	2	2
Total liabilities	17	17
Net assets/equity	0	0

Statement of cash flows for the year ended 30 June 2023

	Actual 2022/23 \$M	Actual 2021/22 \$M
Net cash from operating activities	0	(1)
Net (decrease)/increase in cash and cash equivalents	0	(1)
Cash and cash equivalents at the beginning of the year	17	18
Cash and cash equivalents at the end of the year	17	17

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

Borrowing apportionment

\$500 million of the \$2 billion NLTP 2021-24 loan facility has been drawn down and funding has been apportioned across output classes as follows:

Output class	2021-24 NLTP facility \$M	Short-term borrowing (seasonal portion) \$M	Short-term borrowing (shock portion) \$M	Total
State highway improvements	60	15	30	105
Local road improvements	93	23	46	162
Public transport services	5	1	2	8
Public transport infrastructure	107	27	54	188
Walking and cycling improvements	75	19	37	131
State highway maintenance	85	10	43	138
Local road maintenance	40	21	20	81
Road to zero	35	9	18	62
Total apportionment	500	125	250	875

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

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

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

Output class income and expenditure

Investment management

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (Crash Analysis System)	1	0	1
Crown (Mode shift)	2	0	0
National Land Transport Fund	65	89	60
Other	5	0	1
Total operating revenue	73	89	62
Operating expenses			
Transport Agency (Crash Analysis System)	1	0	1
Transport Agency (Ministerial services)	1	0	1
Transport Agency (Mode shift)	2	0	0
Funding to approved organisations	25	39	5
Transport planning	16	0	10
Sector training and research	3	0	4
Investment in the funding allocation system	25	50	41
Total operating expenses	73	89	62
Surplus/(deficit)	0	0	0

Revenue collection and administration

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (administration of tax reduction)	3	0	0
Section 9(2) LTMA funding refund of fuel excise duty	4	4	4
Section 9(2) LTMA funding road user charges investigation	7	7	5
Section 9(2) LTMA funding road user charges refund	3	3	3
Fees and charges (tolling)	17	18	15
Fees and charges (road user charges)	13	11	13
Regional fuel tax administration	1	1	1
Other (refund of fuel excise duty and road user charges)	1	0	0
Total operating revenue	49	45	41

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating expenses			
Refund of fuel excise duty	4	3	4
Regional fuel tax administration	1	1	2
Tolling	14	10	10
Road user charges investigation and enforcement	7	4	5
Road user charges refund	4	4	3
Road user charges collections	23	30	13
Total operating expenses	53	52	37
Surplus/(deficit)	(4)	(7)	4

State highway improvements

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
National Land Transport Fund	748	828	642
Crown (COVID-19 public-private partnerships funding)	18	3	82
Crown (COVID-19 Response and Recovery Fund)	0	0	(2)
Crown infrastructure partners	20	0	27
Crown (NZ Upgrade Programme)	0	0	6
Crown (Supporting Regions Programme)	1	1	2
National Land Transport Fund (public-private partnerships)	0	107	0
National Land Transport Fund (tolling)	13	15	12
Developer contributions	4	0	4
Interest and finance income	6	9	7
Other income	11	0	8
Total operating revenue	821	962	788
Operating expenses			
Assets vested to local authorities	0	409	0
Depreciation and state highway write-offs	524	430	550
Other interest and finance costs	154	119	60
Crown (COVID-19 public-private partnerships funding)	78	3	82
Crown (COVID-19 Response and Recovery Fund)	0	0	(2)
Crown infrastructure partners	20	0	27
Crown (NZ Upgrade Programme)	0	0	6
Crown (Supporting Regions Programme)	1	1	2
Other expenses	40	0	60
Total operating expenses	817	962	785
Surplus/(deficit)	4	6	3

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Capital funding			
Crown (New Zealand Upgrade Programme)	478	790	306
Crown (Accelerated Regional Roding Programme)	0	0	4
Crown (Supporting Regions Programme)	24	49	34
Crown infrastructure partners funding utilised for investment	20	61	27
National Land Transport Fund capital contribution	29	0	122
National Land Transport Fund (2021-24 NLTP facility)	81	109	24
National Land Transport Fund (public-private partnerships)	98	53	200
National Land Transport Fund (public-private partnerships - interest rate swap movement)	(84)	0	(332)
National Land Transport Fund (state highway disposals)	13	29	51
Depreciation funding utilised for investment in the state highway network	524	430	646
Net non-cash funding for losses/(income) utilised for investment in state highway network	0	409	2
Total capital funding	1,183	1,930	986
Capital expenditure			
Crown investment (New Zealand Upgrade Programme)	478	790	306
Crown (Accelerated Regional Roding Programme)	0	0	4
Crown (Supporting Regions Programme)	24	49	34
Crown infrastructure partners	20	61	27
Public-private partnerships	98	53	160
Public-private partnerships - interest rate swap movement*	(84)	0	(332)
Capital investment	563	891	671
Transport Agency capitalised expenditure	88	86	80
Total capital expenditure	1,187	1,930	950
Net capital movement	(4)	0	36
Borrowing funding			
National Land Transport Fund (borrowing facility)	0	0	26
National Land Transport Fund (public-private partnership quarterly unitary payment)	49	76	104
Total borrowing funding	49	76	130

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Borrowing repayment			
Repayment of borrowing facility	0	0	26
Repayment public-private partnership quarterly unitary payment	49	76	104
Total borrowing repayment	49	0	130
Net borrowing	0	0	0
Total movement	0	0	36
Total operating and capital expenditure	1,460	2,053	1,158

* The movement in the public-private partnership interest rate swaps was due to increases in market interest rates in 2022/23 compared to decreases in rates in 2021/22.

State highway maintenance

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (Kaikōura earthquake response)	4	4	2
National Land Transport Fund	986	770	723
National Land Transport Fund (North Island weather events)	94	0	0
National Land Transport Fund (2021-24 NLTP facility)	104	155	34
National Land Transport Fund (rental and interest income)	27	20	24
Other revenue	67	0	57
Total operating revenue	1,282	949	840
Operating expenses			
Maintenance of the state highway network (Kaikōura earthquake response)	4	4	2
Depreciation on state highway renewals	300	353	194
Maintenance of the state highway network	886	511	577
Maintenance and operation of Transmission Gully and Pūhoi to Warkworth	8	7	0
Transport Agency operating activities	80	68	65
Interest and finance costs	4	6	2
Total operating expenses	1,282	949	840
Surplus/(deficit)	0	0	0
Capital funding			
Crown (Kaikōura earthquake response)	(5)	0	0
Depreciation funding utilised for investment in state highway renewals	251	353	194
Total capital funding	246	353	194

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Capital expenditure			
Crown investment (Kaikōura earthquake response)	(5)	0	24
Capital investment	251	353	194
Total capital expenditure	246	353	194
Net capital movement	0	0	0
Borrowing funding			
National Land Transport Fund (borrowing facility)	0	0	49
Total borrowing funding	0	0	49
Borrowing repayment			
Repayment of borrowing facility	0	0	49
Total borrowing repayment	0	0	49
Net borrowing	0	0	0
Total movement	0	0	0
Total operating and capital expenditure	1,228	949	840

Walking and cycling improvements

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (Mode shift)	12	36	0
National Land Transport Fund	33	27	54
National Land Transport Fund (2021-24 NLTP facility)	51	68	15
Developers contributions	0	0	8
Other revenue	0	0	1
Total operating revenue	96	131	78
Operating expenses			
Funding to approved organisations (Mode shift)	12	36	0
Funding to approved organisations	71	87	68
Transport Agency operating activities	10	2	2
Interest and finance costs	3	5	
Total operating expenses	96	131	70
Surplus/(deficit)	0	0	8

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Capital funding			
Crown (Mode shift)	0	1	0
Crown (Ngauranga to Petone)	21	0	0
Crown (NZ Upgrade Programme)	0	0	13
National Land Transport Fund capital contribution	41	46	50
National Land Transport Fund (NLTP 2021-24 loan)	51	68	15
Other capital funding	0	0	0
Total capital funding	113	114	78
Capital expenditure			
Crown investment (Mode shift)	0	1	0
Crown (Ngauranga to Petone)	21	0	0
Crown (NZ Upgrade Programme)	0	0	13
Capital investment	92	113	73
Total capital expenditure	113	114	86
Net capital movement	0	0	(8)
Total movement	0	0	0
Total operating and capital expenditure	209	245	156

Public transport services

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (Half price fares)	134	0	26
Crown (COVID-19 Response and Recovery Fund)	0	0	47
Crown (SuperGold card)	34	31	30
Crown (Community Connect Programme)	3	25	0
Crown (Bus decarbonisation)	1	4	0
Crown (Mode shift)	1	36	0
Crown (Retaining and recruiting bus drivers)	3	0	0
Crown (Public transport subsidy)	141	27	0
National Land Transport Fund	350	449	429
National Land Transport Fund (NLTP 2021-24 loan)	6	8	2
Total operating revenue	673	580	534

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating expenses			
Crown (Half price fares)	134	0	26
Crown (COVID-19 Response and Recovery Fund)	0	0	47
Crown (SuperGold card and administration)	34	31	30
Crown (Community Connect Programme)	3	25	0
Crown (Bus decarbonisation)	1	4	0
Crown (Mode shift)	1	36	0
Crown (Retaining and recruiting bus drivers)	3	0	0
Crown (Public transport subsidy)	141	27	0
Funding to approved organisations	356	457	431
Total operating expenses	673	580	534
Surplus/(deficit)	0	0	0

Public transport infrastructure

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (Eastern busway project)	31	0	0
Crown (Mode shift)	1	36	0
Crown infrastructure partners (North western bus improvement)	27	0	0
National Land Transport Fund	342	211	260
National Land Transport Fund (NLTP 2021-24 loan)	146	194	43
Other revenue	1	0	0
Total operating revenue	548	441	303
Operating expenses			
Funding to approved organisations	465	388	272
Crown (Eastern busway project)	31	0	0
Crown (Mode shift)	1	36	0
Crown infrastructure partners (North western bus improvement)	27	0	0
Other operating expenses	10	0	22
Transport Agency operating activities	9	9	9
Interest and finance costs	5	8	0
Total operating expenses	548	441	303
Surplus/(deficit)	0	0	0

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Capital funding			
Crown (Mode shift)	0	1	0
Crown infrastructure partners funding utilised for investment	27	0	0
National Land Transport Fund capital contribution	59	60	47
Total capital funding	85	61	47
Capital expenditure			
Capital investment	59	60	47
Crown investment (Mode shift)	0	1	0
Capital investment (North western bus improvement)	27	0	0
Total capital expenditure	85	61	47
Net capital movement	0	0	0
Total operating and capital expenditure	606	502	350

Local road improvements

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
National Land Transport Fund	(5)	19	105
National Land Transport Fund (Housing Infrastructure Fund)	37	44	31
National Land Transport Fund (NLTP 2021-24 loan)	125	168	37
Crown (Supporting Regions Programme)	11	15	34
Interest and finance income	14	13	9
Total operating revenue	182	259	216
Operating expenses			
Funding to approved organisations	117	180	142
Funding to approved organisations (Housing Infrastructure Fund)	37	44	31
Funding to approved organisations (Supporting Regions Programme)	11	15	34
Interest and finance costs	17	20	9
Total operating expenses	182	259	216
Surplus/(deficit)	0	0	0

Local road maintenance

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
National Land Transport Fund	825	702	720
National Land Transport Fund (North Island weather events)	157	0	0
National Land Transport Fund (NLTP 2021-24 loan)	65	72	16
Total operating revenue	1,047	774	736
Operating expenses			
Funding to approved organisations	1,045	771	736
Interest and finance costs	2	3	0
Total operating expenses	1,047	774	736
Surplus/(deficit)	0	0	0

Coastal shipping

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
National Land Transport Fund	23	10	0
Total operating revenue	23	10	0
Operating expenses			
Funding to approved organisations	23	10	0
Total operating expenses	23	10	0
Surplus/(deficit)	0	0	0

Regulation of the rail transport system

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (protection of core regulatory functions)	1	0	1
Fees and charges	2	2	2
Total operating revenue	3	2	3
Operating expenses			
Fees and charges funded activities	3	4	3
Total operating expenses	3	4	3
Surplus/(deficit)	0	(2)	0

Road to Zero

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
National Land Transport Fund	164	138	111
Community Road Safety Programme	10	8	8
Other revenue	1	0	2
Total operating revenue	175	146	121
Operating expenses			
Community Road Safety Programme	7	8	5
Funding to approved organisations	133	109	94
Transport Agency operating activities	31	26	17
Interest and finance costs	1	3	
Total operating expenses	172	146	116
Surplus/(deficit)	3	0	5
Capital funding			
National Land Transport Fund capital contribution	154	187	174
National Land Transport Fund (NLTP 2021-24 loan)	48	65	14
Total capital funding	202	252	188
Capital expenditure			
Capital investment	202	252	190
Total capital expenditure	202	252	190
Net capital movement	0	0	(2)
Total movement	3	0	2
Total operating and capital expenditure	374	398	61

Drivers licensing and testing

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (protection of core regulatory functions)	0	0	5
Crown (driver test subsidy and driver licensing stop orders)	1	2	2
Crown (drug and alcohol assessments)	0	1	0
Crown (Equitable access to driver licences)	1	4	0
Crown (ministerial advice and official correspondence)	1	1	1
Crown (Palmerston North building operating funding)	1	2	1
Fees and charges	68	68	58
Section 9(1A) LTMA funding to support the regulatory function	4	0	0
Other revenue	0	0	1
Total operating revenue	76	78	68
Operating expenses			
Drug and alcohol assessments	0	1	0
Equitable access to driver licences	1	4	0
Ministerial advice and official correspondence	1	0	1
Palmerston North building operating expenses	1	2	1
Fees and charges funded activities	64	64	78
Other	0	0	5
Total operating expenses	67	71	85
Surplus/(deficit)	9	7	(17)

Vehicle safety and certification

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (protection of core regulatory functions)	0	0	2
Fees and charges	75	63	68
Total operating revenue	75	63	70
Operating expenses			
Fees and charges funded activities	81	85	66
Total operating expenses	81	85	66
Surplus/(deficit)	(6)	(22)	4

Regulation of commercial transport operators

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (protection of core regulatory functions)	0	0	1
Fees and charges	13	10	11
Total operating revenue	13	10	12
Operating expenses			
Fees and charges funded activities	12	13	12
Total operating expenses	12	13	12
Surplus/(deficit)	1	(3)	0

Low emission vehicles

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Operating revenue			
Crown (grant clean vehicle rebates)	167	166	111
Crown (clean vehicle discount fees)	175	0	15
Crown (clean vehicle discount administration)	5	8	0
Crown (clean car standard administration)	11	12	2
Crown (clean car upgrade)	1	0	0
Crown (social leasing scheme trial)	1	0	0
Total operating revenue	360	186	128
Operating expenses			
Clean vehicle discount rebates	342	166	121
Clean car standard	11	12	2
Clean car upgrade	1	0	0
Social leasing scheme trial	1	0	0
Transport Agency operating activities	5	8	5
Total operating expenses	360	186	128
Surplus/(deficit)	0	0	0
Capital funding			
Clean vehicle discount	0	0	3
Clean car standard	11	7	4
Total capital funding	11	0	7

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Capital expenditure			
Capital investment - clean vehicle discount	0	0	2
Capital investment - clean car standard	11	7	4
Total capital expenditure	11	0	6
Net capital movement	0	0	1
Total movement	0	0	1
Total operating and capital expenditure	371	193	134

Independent auditor's report

To the readers of Waka Kotahi NZ Transport Agency's Financial statements and performance information for the year ended 30 June 2023

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

Opinion

We have audited:

- the financial statements of Waka Kotahi on pages 92 to 131, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of Waka Kotahi on pages 28 to 86.

In our opinion:

- the financial statements of Waka Kotahi on pages 92 to 131:
 - 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 performance information on pages 28 to 86:
 - presents fairly, in all material respects, the performance of Waka Kotahi 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.

Emphasis of matter - State Highway valuation

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

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

Waka Kotahi has chosen to include a measure of greenhouse gas (GHG) emissions from the land transport system in its performance information. Without further modifying our opinion and considering the public interest in climate change related information, we draw attention to the narrative accompanying the ENV1 measure on page 43 of the annual report, which outlines the methodology for reporting the GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control at Waka Kotahi.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Waka Kotahi framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Waka Kotahi to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Waka Kotahi to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board responsible for the other information. The other information comprises the information included on pages 3 to 27, 28 to 86 (excluding system outcomes and results measures), 132 to 154, and 164 to 218, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

In addition to the audit we have carried out an other assurance-type engagement over the application of the Scrutiny Principle, which is compatible with those independence requirements. Other than the audit and that engagement, we have no relationship with or interests in Waka Kotahi.



Ed Loudon
KPMG Wellington
On behalf of the Auditor-General
29 September 2023

Independent limited assurance report

Independent Limited Assurance Report to the readers of the Waka Kotahi NZ Transport agency report 'Putting the scrutiny principle into practice' for the period ended 30 June 2023

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that, in all material respects, Waka Kotahi NZ Transport Agency's ('Waka Kotahi') 'Putting the Scrutiny Principle into Practice' report (the 'report') is not fairly presented, in that:

- the controls were not suitably designed to achieve the control objective specified in section 96(1)(d)(ii) of the Land Transport Management Act 2003 (the 'Act') being, Waka Kotahi giving, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Act, the same level of scrutiny to its own proposed activities and combinations of activities as it would give to those proposed by approved organisations throughout the period 1 July 2022 to 30 June 2023;
- the description does not fairly present the systems and procedures as designed, throughout the period 1 July 2022 to 30 June 2023; and
- the controls, necessary to achieve the control objective, did not operate effectively as designed, throughout the period from 1 July 2022 to 30 June 2023.

Information subject to assurance

We have undertaken a limited assurance engagement on:

- the design of controls within the systems and procedures of Waka Kotahi, throughout the period 1 July 2022 to 30 June 2023, relevant to the control objective specified in section 96(1)(d)(ii) of the Act, that Waka Kotahi give, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Act, the same level of scrutiny to its own proposed activities and combinations of activities as it would give to those proposed by approved organisations;
- the Waka Kotahi description of its systems and procedures at pages 164 to 166 (the 'description'); and
- the operating effectiveness of those controls.

The Auditor-General is the auditor of Waka Kotahi. The Auditor-General has appointed me, Ed Loudon, using the staff and resources of KPMG, to carry out this work on his behalf.

Criteria

An assurance engagement to report on the design, description and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives, the completeness, accuracy and method of presentation of the description of the systems and procedures and the operating effectiveness of controls throughout the period.

Standards we followed

We conducted our work in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements 3150 *Assurance Engagements on Controls*. In accordance with those standards we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the Statement is free from material misstatement, whether due to fraud or error; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the controls.

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

How to interpret limited assurance and material misstatement

A limited assurance engagement is restricted primarily to enquiries and other relevant procedures as described above.

Misstatements, including omissions, within the report are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the report.

Limitations of controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objective may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that we have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Directors' responsibility

The Directors of Waka Kotahi are responsible for:

- the implementation of systems and procedures that enable Waka Kotahi to give, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Act, the same level of scrutiny to its own proposed activities and combinations of activities, as it would give to those proposed by other approved organisations;
- identifying the control objective;
- identifying the risks that threaten achievement of the control objective;
- designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objective;
- preparing the description and report at page 161 to 163, including the completeness, accuracy and method of presentation of the description and report; and
- operating those controls effectively as designed throughout the period.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Waka Kotahi report regarding the suitability of the design of controls to achieve the control objective, the presentation of the description of the systems and procedures and the operating effectiveness of the controls within the Waka Kotahi systems and procedures, based on our procedures.

Our independence and quality control

When carrying out the limited assurance engagement we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (NZAuASB) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the External Reporting Board.

Our firm has also performed the annual statutory audit of Waka Kotahi. Subject to certain restrictions, partners and employees of our firm may also deal with Waka Kotahi on normal terms within the ordinary course of trading activities of the business of Waka Kotahi. These matters have not impaired our independence as assurance providers of Waka Kotahi for this engagement. The firm has no other relationship with, or interest in, Waka Kotahi.



Ed Loudon
KPMG Wellington
On behalf of the Auditor-General
29 September 2023

Putting the scrutiny principle into practice

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

Legislative requirement and control objective

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

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

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

Systems and procedures

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

- operational procedures – to support individuals to apply the appropriate level of scrutiny when making decisions
- managerial procedures – to oversee the application of the scrutiny principle
- monitoring and reporting procedures – to confirm the operational procedures are followed and the scrutiny principle has been properly applied. The operational procedures enable staff and board members of Waka Kotahi to know when and how to comply with the principle in relation to individual decisions, including:
 - following the same procedure for similar types of activities
 - applying equivalent evaluation criteria
 - requiring an equivalent level of information
 - applying the same level of rigour to analysis
 - applying the same level of tolerance to cost estimates
 - having staff with equivalent seniority and experience involved with equivalent decisions.

The main system Waka Kotahi uses to manage the National Land Transport Programme is the web-based Transport Investment Online (TIO). TIO contains all the activities proposed for funding and sets out for all applicants (both approved organisations and Waka Kotahi for its own activities) the evidence supporting investment decisions. TIO records the decisions made by Waka Kotahi, including any conditions applied to funding. The system is transparent with approved organisations able to see the details of their proposals and Waka Kotahi recommendations and decisions and provides transparency of the operational aspects of decision making. TIO holds all relevant information and documentation including: cost estimates, confirmation and sign off from senior staff, minutes of committee and Board minutes etc.

The Planning and Investment Knowledge Base (PIKB) is a web-based portal that sets out the policies, principles and processes for all investment in land transport from the National Land Transport Fund with similar rules applied in relation to assessing and evaluating all activities seeking funding.

Controls in the systems and procedures

To give effect to the requirement of the Act, within Waka Kotahi systems and procedures the following controls have been implemented and operated effectively throughout the year to 30 June 2023 across all funding applications:

- all funding applications are managed in Transport Investment Online;
- all new funding applications are supported by a business case (or equivalent) and cost benefit analysis;
- a peer review is required for all improvement activity business cases with an expected implementation cost greater than \$15 million;
- all funding applications are assessed and approved in line with a delegations policy approved by the Waka Kotahi Board. The amount and type of application determines the levels of approval that are required. All funding applications with an expected implementation cost exceeding \$50 million are approved by the Waka Kotahi Board.
- a business case and funding decisions committee, also referred to as the Value Outcomes Scope (VOS) Committee, considers all significant funding applications, both from Waka Kotahi and approved organisations. There is representation from Waka Kotahi staff involved in assessing funding applications from Waka Kotahi and approved organisations to ensure that a consistent approach is applied to consideration of funding applications and recommendations and funding decisions.
- Post approval reviews are conducted annually on a selection of investment approvals to check that investment decisions meet the requirements of PIKB based on the evidence in TIO.
- Internal monitoring and reporting on the length of time between funding applications and investment decisions enables tracking and identification of any variation

The post approval review covering the annual period ending 30 June 2023 identified some inconsistencies in the documentation and recording of information supporting investment decisions. Waka Kotahi is satisfied that the matters identified have not had a material impact on the application of the Scrutiny Principle during the year to 30 June 2023. We have a continuous improvements programme underway aimed at addressing these issues to ensure that processes are completed correctly.

Additional information

We publish our detailed approach to giving effect to the scrutiny principle on our website.⁶ A webpage lists the systems and procedures in place to apply the scrutiny principle and provides links to the procurement manuals and Planning and Investment Knowledge Base where the systems and procedures are detailed. The webpage also has links to two other webpages that contain minutes of all funding decisions made by the Waka Kotahi Board⁷ and lists all decisions delegated to Waka Kotahi staff⁸ since 1 August 2008.⁹ Both pages are updated regularly once the Board's decisions have been confirmed

Insurance and indemnities

Waka Kotahi has directors and officers liability and professional indemnity insurance cover in respect of the liability or costs of board members and employees. The Waka Kotahi Board also has insurance cover against personal accident and other travel-related risk for board members and employees where injury or loss occurs while on Waka Kotahi business.

⁶ <https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/202124-nltp/202124-nltp-principles-and-policies/assessment/scrutiny-and-transparency-policy/>

⁷ <https://www.nzta.govt.nz/planning-and-investment/funding-and-investing/investment-decisions/board-decisions/>

⁸ <https://www.nzta.govt.nz/planning-and-investment/funding-and-investing/investment-decisions/delegated-decisions/>

⁹ The prescribed date in the Land Transport Management Act 2003 for reporting on these decisions is 1 October 2008.

Ngā tāpiritanga

Appendices (unaudited)



Appendix 1: Sustainability and climate-related reporting

This appendix includes the following climate-related reports.

- Monitoring the progress of Toitū te Taiao, our sustainability action plan (voluntary)
- Climate-related disclosures (voluntary)
- Carbon Neutral Government Programme reporting (mandatory)

Monitoring the progress of Toitū te Taiao, our sustainability action plan

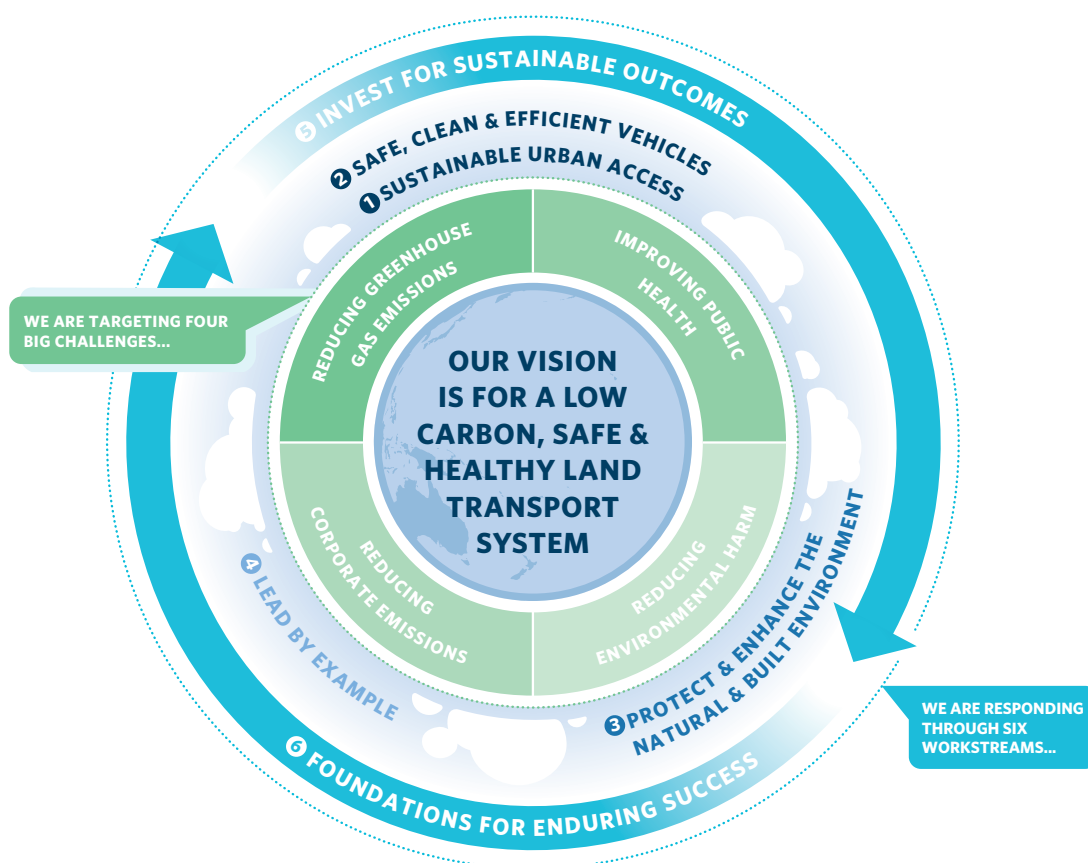
Toitū te Taiao, our sustainability action plan, was released in April 2020 to set the sustainability direction for Waka Kotahi and embed sustainability across the organisation. It set out a vision of a low carbon, safe and healthy land transport system, with 16 headline actions across six workstreams, as shown in figure 25 on the following page.

All 16 headline actions are substantially complete. Toitū te Taiao is now being refreshed to respond to our changing context, including the Emissions Reduction Plan, National Adaptation Plan and Carbon Neutral Government Programme.

Since 2019/20, we have been monitoring a set of performance indicators that tell us whether the actions we're implementing are helping us achieve the vision of Toitū te Taiao. In 2019/20 and 2020/21, results for these measures were reported in a separate sustainability monitoring report, Tiakina Te Taiao.

In 2021/22, reporting was integrated into the Waka Kotahi annual report for the first time. This section describes 2022/23 performance against the measures set out in Tiakina Te Taiao.

Figure 25 – Toitū te Taiiao vision and workstreams



Reducing greenhouse gas emissions

Long-term outcome: Net zero land transport greenhouse gas emissions by 2050

Measure(s)	Desired trend	Status against desired trend	2022 actual	2021 actual	2020 actual
Emissions Total kilotonnes of carbon dioxide (CO ₂ e) emitted from travelling on the road network	Decreasing trend (from the 2019 baseline of 13,116 kilotonnes of CO ₂ e)	Achieved	12,784 kilotonnes of CO ₂ e	Not comparable due to methodology change	Not comparable due to methodology change
<p>In 2023 we adopted the Ministry for the Environment’s approach to measuring greenhouse gas emissions and that changed our baseline result for 2019 to 13,116 kilotonnes of CO₂e (compared to 11,832 kilotonnes of CO₂e that was published in 2022). Greenhouse gas emissions from transport in 2023 are below this emissions baseline from 2019, but have increased each year from 2020 up to 2022. It is difficult to draw conclusions from these trends given the impact of Covid restrictions in the intervening years since 2019, but the recent increase in emissions could reflect a return to long term trends of increasing emissions from transport.</p> <p>See the result and commentary for ENV1 on page 43 for more detail. Details of the new methodology adopted can be found in the performance measure explanatory notes on our website: nzta.govt.nz/resources/annual-report-nzta</p>					

Improving public health

Waka Kotahi has a range of policies, guidance, specifications and tools in place for assessing and managing road transport related air emissions, noise and vibration. We administer rules for vehicle exhaust emissions and noise and manage compliance to confirm that vehicle regulations are met (entry certification, warrant and certificate of fitness). Initiatives to reduce GHG emissions can also reduce air quality and noise impacts from the land transport system.

Long-term outcome: No harm from land transport air and noise emissions

Measure(s)	Desired trend	Status against desired trend	2022 actual	2021 actual	2020 actual
Air quality					
Nitrogen dioxide (NO ₂) emissions	Decreasing trend (from 2020 actual)	No change	6.7 kilotonnes	6.6 kilotonnes	6.7 kilotonnes
Fine particulate matter (PM _{2.5}) emissions	Decreasing trend (from 2020 actual)	No change	1.3 kilotonnes	1.3 kilotonnes	1.5 kilotonnes

Compared to 2021/22, NO₂ emissions increased slightly. PM_{2.5} emissions remained the same as in 2021/22 but are less than the 2020 baseline level of 1.5 kilotonnes.

Noise

Number of people assessed as exposed to high levels of road traffic noise

Exposure to land transport noise is an ongoing source of community concern. Transport noise not only affects amenity, land value and productivity, it also impacts people's health and wellbeing. We recently undertook research to understand the health impacts and social costs of land transport noise in New Zealand.

The noise mapping methodology was improved during 2022/23 as part of that research. It showed that the number of people exposed to high levels of road traffic noise of 64 dB LAeq (24h) or more in 2019/20 was estimated to be 124,000 people.

The new methodology gives us more confidence in the absolute number of people exposed, but the result this year is not directly comparable to the calculated noise exposure for 2017 that was reported previously. As a result, it is not possible to infer the actual change in noise exposure from our earlier baseline.

Waka Kotahi takes a best-practice approach to mitigating noise from new and altered road projects, the vast majority of which provide a net reduction in noise exposure. We investigate noise and vibration complaints, and remedy faults on the road network if they are the cause of noise.

Most of the significant increases in road-traffic noise exposure in New Zealand come from new houses being built close to busy roads rather than new roads being built next to existing houses. We are working with district councils and Kāinga Ora to ensure appropriate land use planning controls are in place to reduce impacts on residents.

In 2022, we identified an asphalt formulation (EPA7 50 mm) that provides a substantial reduction in road-traffic noise emission compared to current practice and have started using this as noise mitigation for new road projects.

Measure(s)	Desired trend	Status against desired trend	2022 actual	2021 actual	2020 actual
Cycling					
Number of cycling trips into the central business districts of Auckland, Wellington and Christchurch	Increasing trend (from 2020 actual)	Unable to report	Result not available	Result not available	6,728
The status against desired trend 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. See the result for WCI2, page 70 for more information on these issues.					

Reducing environmental harm

Long-term outcome: The land transport network is managed to support and enhance indigenous biodiversity

Biodiversity

Waka Kotahi has an important role in supporting high-value biodiversity and our herenga (commitment) to minimising the effects we have on our indigenous biodiversity is reflected in organisational policies and standards that guide our work including our recently released ecological impact assessment guideline.

We are also developing an operational biodiversity plan for completion in 2024, that will likely include an action to develop biodiversity measures. In the meantime, biodiversity has been added as a component of the asset management data standard, a vital step to consistently capturing information on biodiversity values within the land transport network. Viewing biodiversity as an asset to be managed is critical to the land transport network being able to support and enhance indigenous biodiversity – a long term outcome in Toitū te Taiao.

We are testing the usefulness and usability of biodiversity data in the asset management data standard in two regions, including through local site investigations. We are also working on a method for collecting nationally relevant biodiversity information for the land transport network. This method will consider central government direction, including the National Policy Statement for Indigenous Biodiversity and the Aotearoa New Zealand Biodiversity Strategy.

Our ongoing research to understand how Waka Kotahi activities can affect biodiversity helps us to improve how we support indigenous biodiversity, especially in areas that are particularly sensitive to land transport activities. We have published research on the edge effects of land transport that also identifies opportunities that road verges provide by creating much needed green space in highly urbanised and/or intensively managed areas.

Long-term outcome: Water bodies are protected from adverse effects of land transport storm-water run-off

Water

While no quantitative measure for this outcome was established as part of the first versions of Tiakina te Taiao, this year we have used the Road Assessment and Maintenance Management system to estimate how much of the state highway network now has best practice stormwater systems in place (i.e. wetlands, detention basins etc).

As part of the continuous upgrades to New Zealand's state highway network, as at 30 June 2023 approximately 370 kilometres (3.4%) of the network have been equipped with best-practice stormwater treatment systems. These systems include wetlands, detention basins, swales, and proprietary treatment devices, all of which play a crucial role in removing sediment and contaminants from road runoff. These treatment solutions are primarily implemented for high volume traffic corridors located in proximity to urban areas.

All new capital projects completed in the Auckland, Tauranga, Wellington and Christchurch areas have included stormwater management features. This aligns with our long-term goal in Toitu Te Taiao of reducing environmental harm and protecting water bodies from adverse effects associated with stormwater runoff. Stormwater treatment will continue to be implemented for all new projects and considered for upgrades.

We are working to incorporate data from the road stormwater screening study into our GIS system so that a high-level overview of a catchment is available when we are planning for upcoming activities.

Our capital projects and maintenance and operations works use erosion and sediment controls to manage runoff during the earthworks phase of construction. For example, the Takitimu Northern Link project that demonstrated excellent compliance with consent conditions during the extreme weather events in the North Island over the past year.

Long-term outcome: We use resources and energy sustainably

Resource efficiency

We previously reported on resource efficiency using a measure of the percentage of materials used in our maintenance contracts that were recycled materials, but the data source was subsequently found to be insufficiently accurate from an auditing perspective.

Looking ahead, our reporting against the CNGP programme requirements will provide a more robust overview of how we are working toward more sustainable use of resources and energy, with a focus on reducing carbon emissions from non-corporate activities. See page 178 to 182 for our first CNGP report.

Measure(s)	Desired trend	Status against desired trend	2022 actual	2021 actual	2020 actual
Compliance					
Compliance with environmental consent conditions.	Increasing (from 2020 actual)	Increasing	96%	Not reported	93% (at 30 March 2021)
<p>Waka Kotahi activities come under a variety of planning and environmental requirements through the Resource Management Act 1991 and other environmental legislation. Waka Kotahi uses a cloud-based environmental compliance management system (CS-VUE) to capture and manage compliance information for these authorisations. We actively manage environmental compliance with these requirements to meet our statutory obligations and the recent upgrade to the system has helped us improve our overview of consent requirements across projects.</p> <p>*Note: The percentage above includes both compliant conditions and conditions that have not yet been actioned. It excludes administrative permit conditions. This data represents a point of time rather than an average of a year.</p>					

Reducing corporate emissions

Long-term outcome: Waka Kotahi is carbon neutral

Measure(s)	Desired trend	Status against desired trend	2022 actual	2021 actual	2020 actual
Emissions					
Total corporate emissions	Mandatory emissions are <2,544 tonnes of CO ₂ e	Achieved	2,240.97 tonnes of CO ₂ e	1,481.94 tonnes of CO ₂ e	2,536.50 tonnes of CO ₂ e
	Non-mandatory /additional emissions	N/A	1616.92 tonnes of CO ₂ e	235.74 tonnes of CO ₂ e	374.45 tonnes of CO ₂ e
<p>This is also a performance measure in the Waka Kotahi organisational performance framework (IPOE2: Waka Kotahi corporate carbon footprint; see page 45). This year is the first year that Waka Kotahi has published its CNGP reporting in its annual reports, which covers both corporate and non-corporate emissions. For more information see page 178 to 182.</p> <p>This year is the first year we have measured carbon emissions generated by staff commuting for work. This is an 'additional' or non-mandatory emission source. We have shown this separate from mandatory emissions, along with other non-mandatory emissions measured.</p> <p>Refer tables 5 and 6 for a full list of mandatory and non-mandatory corporate emissions measured this year.</p>					

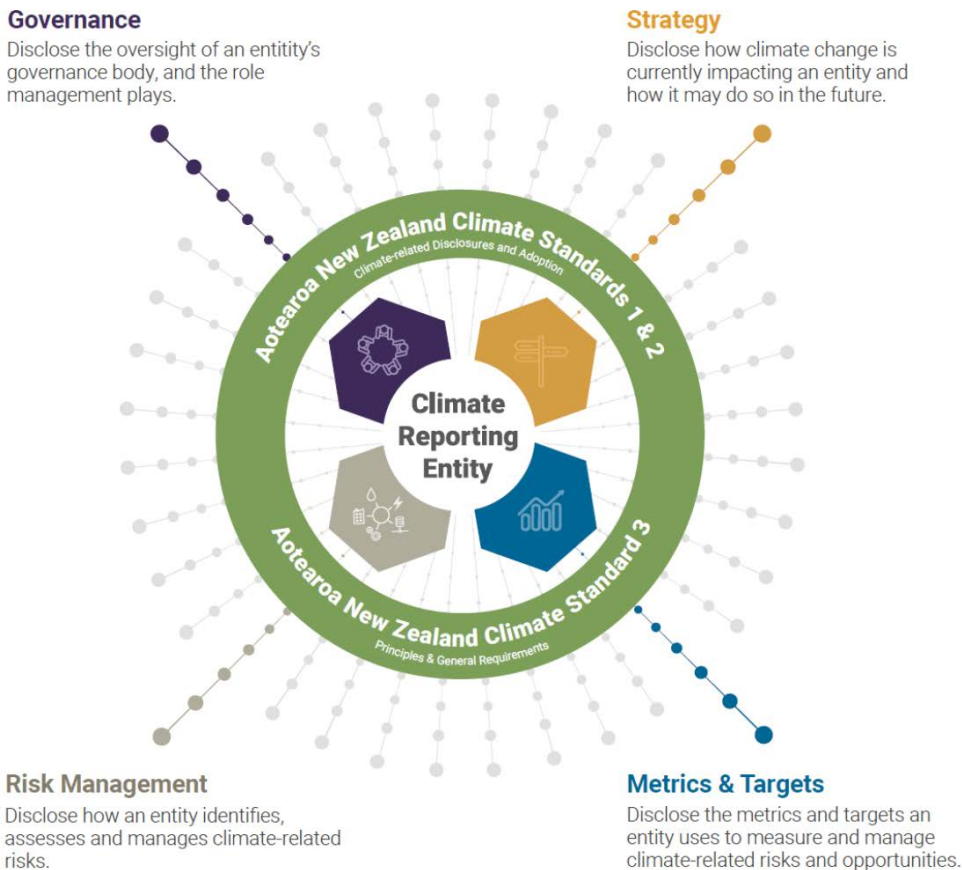
Climate-related disclosures

In 2022 the New Zealand External Reporting Board (XRB) introduced new Aotearoa New Zealand Climate Standards, based on the international Task Force on Climate-related Financial Disclosures (TCFD) framework. The TCFD framework had been developed to enable organisations to manage risks, identify and seize climate-related business opportunities, and disclose reliable information about the risks and opportunities to investors. The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 requires large financial institutions within New Zealand to provide mandatory reporting in alignment with the Aotearoa New Zealand Climate Standards from 2023 onwards.

While Waka Kotahi is not a mandatory climate reporting entity, Waka Kotahi recognises the climate emergency as an enterprise top risk and is working to better understand and manage exposure and risk responses. Waka Kotahi has therefore been providing voluntary disclosures that are broadly in alignment with the TCFD framework since the 2020/21 annual report. Reporting against the framework is guided by four themes, shown in figure 26 below.

We are committed to supporting a resilient and low carbon economy through our climate-change mitigation and adaptation planning and activities and will continue to work with our partners to implement the government’s National Adaptation Plan and Emissions Reduction Plan as well as expand and refine our climate-related disclosures. We are working to improve our approach as we view this reporting as an important way to provide greater transparency to our stakeholders and the community, including greater clarity about the risks and opportunities climate change poses to Waka Kotahi investment, operations and services and how we are planning to respond.

Figure 26 – Climate-related disclosures framework



The following sections set out our voluntary climate-related disclosures, grouped according to the four guiding themes of governance, strategy, risk management and metrics and targets. These sections reflect the External Reporting Board's climate-related disclosures guidance, released in January 2023. The guidance is available on the External Reporting Board's website at www.xrb.govt.nz/dmsdocument/4844

Governance

The objective of the governance disclosures is to enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.

Both governance body and management are defined terms in NZ CS [NZ CS 1, paragraph 6].

See the XRB's guidance, section 6 from page 17, for more information.

Waka Kotahi classifies the climate emergency as an enterprise top risk for our organisation. We have made improvements to ensure climate-related considerations are routinely presented to the board and continue to refine our approach.

Our board receives regular risk reporting from our executive leadership team. See the risk management section of this appendix for our approach to climate risk and our actions to incorporate climate risk into our wider risk management framework, and the strategy section for how we are responding to risks, noting this is an evolving area.

Our executive leadership team's advice is informed from the direction they receive from the Executive Subcommittee. During the 2022/23 period our Climate Change and Sustainability Executive Subcommittee previously providing this advice was replaced by our recently established System Leadership Executive Subcommittee, which now has oversight of environmental sustainability, climate change, and public health responsibilities and opportunities. The executive is supported by an enterprise-wide Climate and Sustainability Leadership Group.

Strategy

The objective of the Strategy disclosures is to enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.

See the XRB's guidance, section 7 from page 27, for more information.

The reality of a changing climate is already being felt across Aotearoa New Zealand. Many parts of the country, including Marlborough, Nelson, Wellington and Northland, were cut off by a large-scale weather system in August 2022 which caused flooding, slips and washouts. The land transport network was further damaged in early 2023, particularly in Te Ika-a-Māui North Island following the impacts of severe flooding in Auckland, Cyclone Hale and Cyclone Gabrielle.

Responding to severe weather events such as these was a priority for Waka Kotahi throughout the year and meant that other planned work needed to be paused or deferred. The additional work has also added pressure to our already strained funding system. Full recovery and rebuild from the recent severe weather events will take time and require ongoing investment, with many affected corridors still relying on interim solutions such as single lanes, detours or bailey bridges.

Over time, the land transport network will need substantial additional investment to increase the resilience of the network in the face of climate impacts, including those arising from more frequent and severe weather events, as well as sea level rise. We also need to improve our understanding of how climate change will impact our organisation and the many services we provide. Tiro Rangi outlines our agreed foundational actions to better understand and manage climate risks, including working collaboratively to develop transport sector climate scenarios and undertaking further work to understand our enterprise risk. The development of cross-sector transport scenarios is currently underway and is expected to inform future climate-related enterprise risk assessment that includes both transitional and physical risks for Waka Kotahi.

Our response to the climate emergency is set out in the Board's Environmental and Social Responsibility Policy, which is given effect to through the following strategies and plans.

- Tiro Rangi – our climate adaptation plan 2022-2024 sets out how Waka Kotahi will work to adapt the land transport system to our changing climate. The development and implementation of Tiro Rangi is a critical action in *Urutau, ka taurikura: Kia tū pakari a Aotearoa i ngā huringa āhuarangi Adapt and thrive: Building a climate-resilient New Zealand, Aotearoa New Zealand's first national adaptation plan (NAP)*. Tiro Rangi describes how the impacts of climate change, including increased frequency of severe weather events, are likely to affect the transport system. It outlines the foundational actions required to begin the step change for climate adaptation in the way we plan, invest in, design, deliver, operate and use the land transport system.
- Toitu te Taiao – our sustainability action plan sets our approach to demonstrating environmental and social responsibility in everything we do, including responding to the climate emergency. Toitu identifies the need to reduce greenhouse gas emissions from transport and identifies a series of actions to be taken, including enabling sustainable urban access and safe and clean vehicles.
- Waka Kotahi is leading implementation of actions within *Mahere Hohenga kia Whakakorea te Waro ā-Kawenga 2022-25 – Decarbonising Transport Action Plan 2022-25*, which sets out how the transport sector will implement the transport components of *Te hau mārohi ki anamata Towards a productive, sustainable and inclusive economy, Aotearoa New Zealand's first emissions reduction plan (ERP)*.
- Some ERP actions are funded through the Climate Emergency Response Fund and we have established a programme to ensure effective and efficient delivery of the transport initiatives that Waka Kotahi is delivering.
- This is the first year that we are reporting on the non-corporate emissions component of our CNGP commitments.

Our climate adaptation, emissions reduction and sustainability commitments are embedded in our overarching organisational strategy *Te Kāpehu and Arataki*, our ten-year plan.

Risk management

The objective of the risk management disclosures is to enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed, and how those processes are integrated in existing risk management processes.

See the XRB's guidance, section 8 from page 57, for more information.

Our updated enterprise risk management framework allows for the development of climate scenario-based risk assessments. We are committed to integrating identification and management of climate risk into our existing risk management approach, in alignment with the best practice guidance for NZCS and ISO 14091. This is a long term objective and we plan to commence substantive work in 2023/24 to better understand climate risks and opportunities in the context of our business.

The executive owns enterprise risks, which are reviewed and updated in the Waka Kotahi risk register quarterly. Our internal Risk and Assurance team facilitates this process, with climate emergency risk reporting covering both mitigation and adaptation.

Metrics and targets

The objective of the metrics and targets disclosures is to enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry.

See the XRB's guidance, section 8 from page 57, for more information.

Waka Kotahi is committed to developing measures to enable us to report on climate related risk and opportunities and our progress towards outcomes. This is captured as an action in Tiro Rangi .

We also monitor how our activities contribute to mitigating climate change. Our organisational performance framework includes measures and targets covering greenhouse gas emissions, mode-shift, resilience and corporate responsibility. These are a subset of the measures included in other strategic documents and plans that guide our climate change response, including the Decarbonising Transport Action Plan, Toitu te Taiao and the CNGP.

The results section of the annual report describes how we are tracking toward the climate-related targets set out by our organisational performance framework.

We also work with Te Manatū Waka to report on the use of the Climate Emergency Response Fund investment in decarbonisation initiatives, implementation of the Decarbonising Transport Action Plan, Emissions Reduction Plan and the National Adaptation Plan.

Carbon Neutral Government Programme reporting

Introduction

Waka Kotahi is part of the all-of-Government Carbon Neutral Government Programme (CNGP), which has been established to accelerate the reduction of greenhouse gas emissions from the public sector. For more information on the programme, see <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/carbon-neutral-government-programme/about-carbon-neutral-government-programme/>.

We are at the beginning of our CNGP journey and will refine our approach over time.

The CNGP divides greenhouse gas emissions into the following three scopes for reporting and consistency with international reporting guidance.

- Scope 1: Direct GHG emissions from sources the organisation owns or controls (ie within the organisational boundary)
- Scope 2: Indirect GHG emissions from the generation of purchased energy (in the form of electricity, heat or steam) that the organisation uses
- Scope 3: Other indirect GHG emissions occurring because of the activities of the organisation but generated from sources it does not own or control.

For our reporting, Waka Kotahi groups these emissions into corporate emissions (all scope 1 and 2, and some scope 3 emissions) and non-corporate emissions (other material scope 3 emissions), as set out in figure 27.

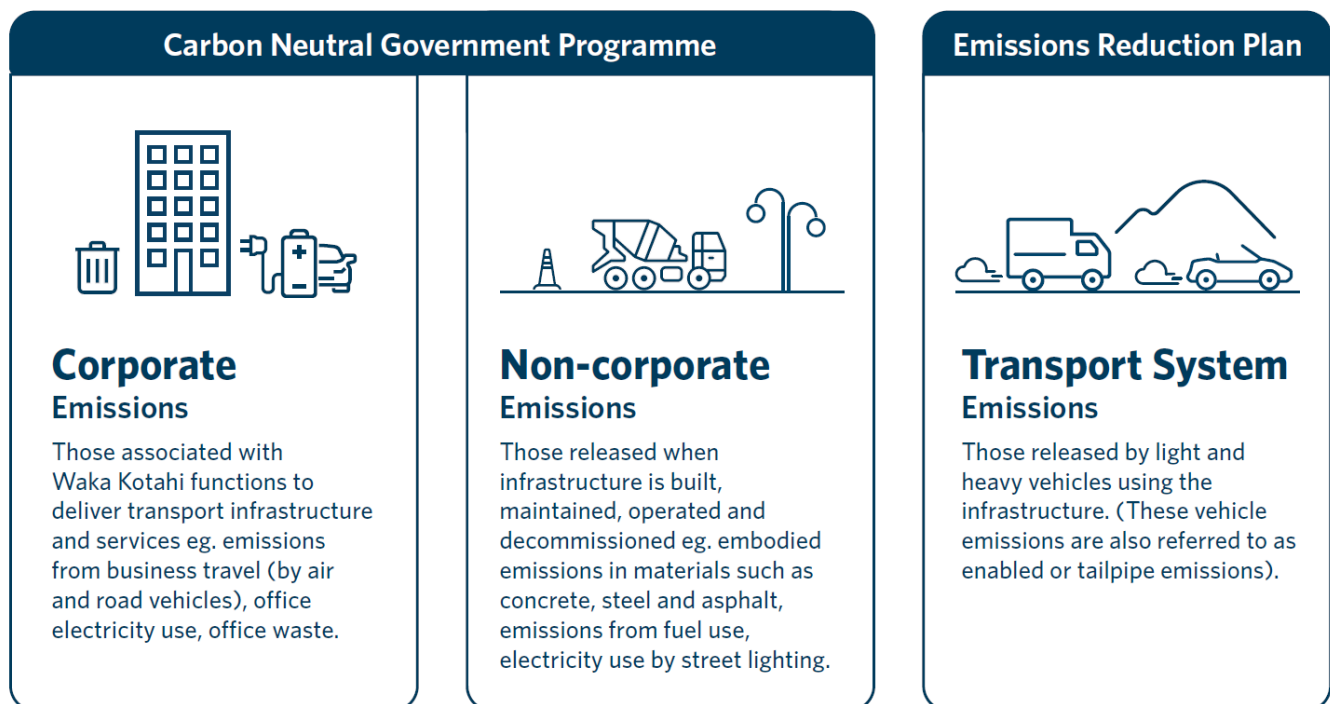
In line with the CNGP reporting guidance provided by Manatū Mō Te Taiao Ministry for the Environment, the following sections set out:

- our corporate and non-corporate emissions profiles for 2022/23
- a summary of progress toward our 2025 and 2030 gross emissions targets.

The CNGP reporting guidance also requires us to report on our FTE and total expenditure for the reporting period.⁶ Please refer to pages 203 and 92 of the annual report for this information.

⁶ Manatū Mō Te Taiao provides detailed guidance on how agencies should report on these emissions in their annual reports (see the link to the guidance here: <https://environment.govt.nz/publications/cngp-measuring-and-reporting-ghg-emissions/>)

Figure 27 – Waka Kotahi CNGP and ERP emissions framework



Total greenhouse gas emissions

- Corporate emissions (mandatory and non-mandatory sources): 3,857 tonnes of carbon dioxide equivalent (tCO₂e)
- Non-corporate emissions: 340,000 tonnes of carbon dioxide equivalent (tCO₂e)

The sections below provide further information on the emissions.

Corporate emissions

We started reporting on corporate emissions in our 2018/19 annual report. Initially, this only included emissions from staff travel and our vehicle fleet. In 2021, a new measure and reduction target were developed (IPOE2: Waka Kotahi corporate carbon footprint), to capture a broader range of emissions sources in line with CNGP reporting guidance. The measure and target for IPOE2 cover all corporate scope 1, 2 and mandatory scope 3 emissions.⁷ For more detail on how the results for IPOE2 are calculated, see the explanatory notes on our website.

The 2022/23 target for IPOE2 was to reduce corporate emissions below 2544 tonnes of carbon dioxide equivalent (tCO₂e) by 30 June 2022 (30 percent decrease from the 2019/20 baseline of 3619.17 tCO₂e). As reported on page 45 of this report, the 2022/23 result for IPOE2 was 2240.97 tCO₂e, and the target was achieved. This reflects our ongoing work to optimise our vehicle fleet through transition to electric vehicles and changes in policy to support a reduction in domestic air travel.

Table 5 breaks down our mandatory corporate emissions by source. Additional/non-mandatory scope 3 emissions (not included in IPOE2) are shown in table 6 on the following page.

⁷ Mandatory scope 3 emissions are defined in the CNGP reporting guidance: <https://environment.govt.nz/publications/cngp-measuring-and-reporting-ghg-emissions/>

Table 5 - Mandatory corporate emissions for 2022/23 (tCO₂e)

Scope	Source	2022/23 actual
Mandatory emissions		
Scope 1: Direct GHG emissions from sources the organisation owns or controls (ie within the organisational boundary) - for example, emissions from the combustion of fuel in vehicles that the organisation owns or controls	Mobile combustion - Petrol and diesel for Waka Kotahi corporate fleet vehicles	306
Scope 2: Indirect GHG emissions from the generation of purchased energy (in the form of electricity, heat or steam) that the organisation uses	Electricity in offices, including EV chargers	1294
Scope 3: Other indirect GHG emissions occurring because of the activities of the organisation but generated from sources it does not own or control (eg air travel). These are broken down into 15 further categories within the GHG Protocol's Corporate Value Chain (Scope 3) Standard (see pp 31-32 of the CNGP reporting guidance).	Business travel - transport (air travel, taxi)	18
	Freight transport (postage & courier)	43
	Electricity Transmission and distribution losses	12
	Office waste to landfill	
	Rental vehicles and use of private vehicles	104
Total mandatory emissions		2240

Table 6 – Additional/non-mandatory scope 3 corporate emissions for 2022/23 (tCO₂e)

Scope	Source	2022/23 actual
Additional/non-mandatory emissions		
Scope 3 non-mandatory emissions: Emissions Waka Kotahi have measured in addition to the mandatory emissions sources	Staff working from home	96
	Office water supply	4
	Office wastewater services	52
	Business travel - Accommodation	110
	Staff commuting	1347
	Paper recycling	2
	Electricity - EV chargers for Waka Kotahi fleet vehicles (public chargers)	6
Total mandatory emissions		1617

Where a measure has been calculated based on a per capita or FTE basis, total Waka Kotahi permanent headcount has been used, excluding contingent (contractor or temporary) staff.

Non-corporate emissions

The CNGP reporting guidance also requires each organisation to identify and report, to the extent possible, other material scope 3 emissions in their inventory. This is the first time that we (and other organisations) have reported these emissions.

We collectively refer to these indirect emissions sources as non-corporate emissions. The non-corporate emissions for Waka Kotahi are those emissions associated with state highway infrastructure delivery and maintenance activities, and operation of state highway network/transport infrastructure. These are considered indirect as Waka Kotahi contracts these services through infrastructure delivery contracts and, for maintenance, network outcome contracts, with the delivery undertaken by our suppliers, agents and partners.

The emissions associated with these activities are as follows.

- **Capital improvement activities:** emissions embodied in construction materials (eg concrete, steel, bitumen) and those arising from the construction activities (eg transport of materials, use of machinery for earthworks, waste disposal) involved in delivering improvements to the state highway infrastructure. These are often referred to as the embodied emissions in a piece of infrastructure such as a road or bridge.
- **Maintenance and operational activities:** these are emissions associated with the materials and activities required to maintain and operate the infrastructure over its service life. These include embodied emissions in materials (particularly pavement materials) and emissions from fuel used in maintenance activities (similar to the emissions associated with construction described above), as well as operational emissions (for example from the use of electricity for lighting).

- **Emergency works:** these are emissions associated with the materials and activities undertaken to re-establish lifelines and access to communities after significant weather events or natural hazard impact on the network. Such works include removal of debris deposited onto the network from slips or flooding events, repair of underslips and construction of retaining walls for example.

For the avoidance of doubt, non-corporate emissions for CNGP reporting purposes exclude emissions from light and heavy vehicles that use the land transport network. We refer to these vehicle emissions as enabled emissions and they are managed through the Emissions Reduction Plan.

Estimated non-corporate emissions in 2022/23

The scale and nature of Waka Kotahi non-corporate emissions is complex, with several years of work required before a full and accurate picture of these emissions can be developed. For this first year of reporting, we have taken a top-down estimation approach using high level financial data to estimate emissions from capital improvements and emergency works; emissions from maintenance and operations have been estimated using a hybrid approach based on asset data combined with average estimates of material use. The results of the estimation are provided in table 7 below.

We are establishing processes to collect bottom-up data based on actual materials used and emissions associated with these activities. This is a resource-intensive exercise that will require ongoing investment, the first tranche of which is underway.

Over time, we propose to develop an appropriate overall measure of non-corporate emissions to enable comparisons across reporting years and to better capture changes in practice aimed at reducing embodied and operational emissions.

Table 7 - Non-corporate emissions for 2022/23 (indicative)

Activity	Estimation basis		Indicative total emissions tCO ₂ e FY22/23	Uncertainty discussion
Capital improvements	Based on published emissions intensity factors for New Zealand heavy and	\$1,251m FY22/23 expenditure	239,000	This estimate is considered to have high uncertainty; it is a top-down estimate that is likely to over-estimate (particularly emergency works) as it assumes all expenditure on heavy construction
Emergency works	civil engineering construction (tCO ₂ e/\$ output), applied to spend	\$266m FY22/23 expenditure	51,000	
Maintenance & operations (M&O)	Estimation of material quantities from Waka Kotahi Road Assessment and Maintenance Management (RAMM plus supplier provided estimates for fuel/energy used		50,000	This estimate is considered to have medium uncertainty as it is based on RAMM asset data but makes assumptions of individual material quantities
Estimated total			340,000	

Progress toward 2025 and 2030 targets compared to base year (%)

The 2022/23 financial year is our base year for non-corporate emissions. Further data is likely to be needed to be able to set reduction targets for these types of emissions. We have begun work on a carbon reduction plan for our non-corporate emissions. This is a significant activity for Waka Kotahi given the scale of emissions and the limited proven alternative materials available for infrastructure construction and maintenance.

Waka Kotahi is committed to environmental sustainability outcomes and the reduction of greenhouse gas emissions across the land transport system. This commitment is outlined in Te Kāpehu our strategic direction and delivered through Toitū Te Taiao our sustainability action plan. We are also implementing internal operational policies to drive continual improvement in efficiency of resources, waste and carbon in our projects, including whole of life carbon assessments. This includes our Sustainability Rating Scheme Policy ⁸, Infrastructure Delivery Resource Efficiency Policy ⁹ and the introduction of a voluntary Resource Efficiency and Waste Minimisation key performance indicator measure for existing maintenance contracts.

⁸ <https://www.nzta.govt.nz/assets/resources/state-highway-control-manual/docs/sustainability-rating-scheme-policy-202009.pdf>

⁹ <https://www.nzta.govt.nz/assets/About-us/docs/Infrastructure-Delivery-Resource-Efficiency-Policy.pdf>

Appendix 2:

Asset performance (unaudited)

All government agencies must report on the performance of their assets in their annual reports. Agencies must capture and use in internal management and decision-making processes relevant indicators of past and projected asset performance such as asset utilisation, asset condition and fitness for purpose.

Performance of state highway assets

To monitor the status of our state highway assets we use the following four indicators. For measure definitions and data sources, see the explanatory notes on our website.

Asset sustainability ratio

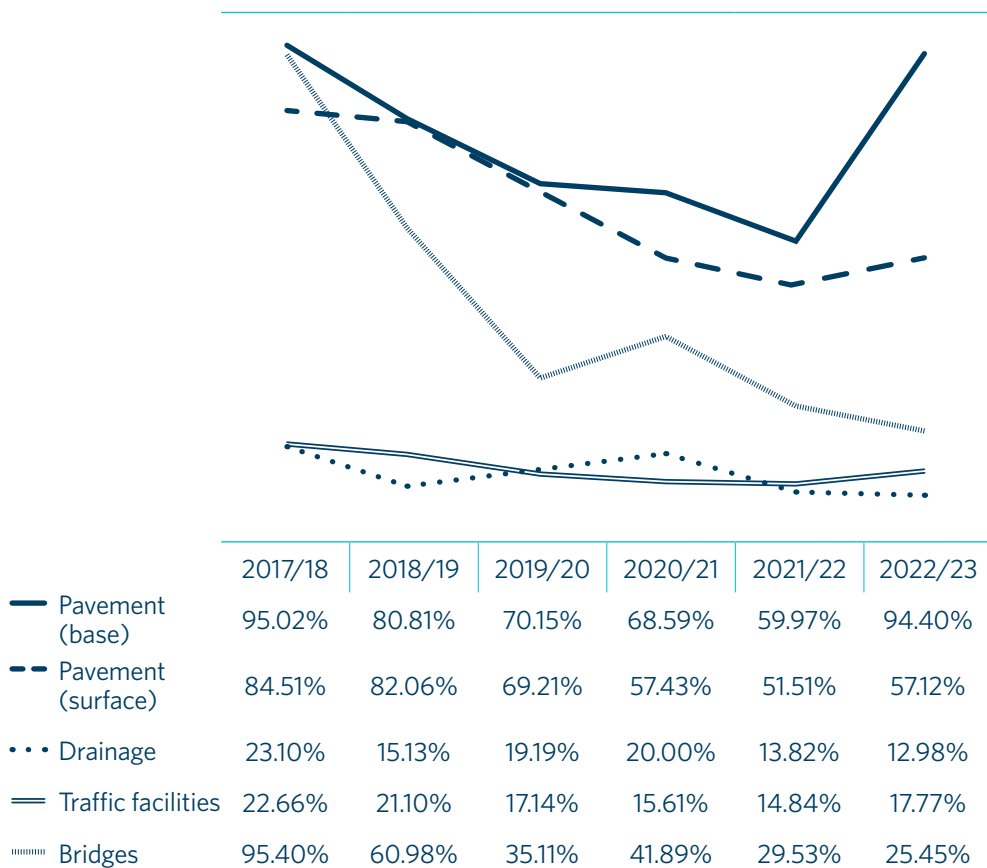
Asset sustainability ratio assesses the relationship between expenditure on asset renewals relative to depreciation (where depreciation is considered a measure accounting for decrease in the asset condition and monetary value of an asset due to use, wear and tear or obsolescence)¹⁰. This indicator approximates the extent to which existing state highway assets are being renewed/replaced as they reach the end of their useful lives and wear out. For example, the 2022/23 ratio for pavement assets broadly implies that, given the rate at which the asset is wearing out/depreciating, investment is at 94 percent of the level needed to sustain the asset base condition. The ratio is an indicator of underinvestment, but it does not follow that a low asset sustainability ratio for a fixed period of time is evidence of underinvestment.

While Waka Kotahi is not funded on a depreciation basis, nor does it fund local government on a depreciation basis, the asset sustainability ratio provides a high-level indication of the sustainability of investment in relation to asset renewal.

Analysis of the ratio alongside trend information indicates the level of investment Waka Kotahi can achieve is not sufficient to maintain the performance of the state highway assets. We expect this will increasingly impact our asset condition performance measures over time.

¹⁰ This excludes expenditure on activities creating new or additional assets and undertaking maintenance that are used by Waka Kotahi in the wider management of the state highway infrastructure.

Figure 28 – Asset sustainability ratio



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

See the results and commentary for MEET2: Proportion of the state highway network that meets minimum asset condition requirements on page 61.

Number of bridges with restrictions rated as high priority

This measure captures the total number of bridges along state highways that have restrictions for heavy motor vehicles,¹¹ which were assessed during the year as high priority, ie needs to be addressed. Short- or long-term restrictions are put in place on state highway bridges because of deteriorating condition, damage caused by illegal overloading, or where they were originally designed for lower load limits than current general access limits. A notification of weight and/or speed limits on state highway bridges is posted on the Waka Kotahi website annually in October, although additional postings may be added during the year as required. Restrictions include mass (weight) limits, speed limits, or both mass and speed limits, for all heavy motor vehicles. Any restrictions that can affect network availability are generally considered as high priority and are dealt with as a priority.

Table 8 – Number of bridges with restrictions rated as high priority

2017	2018	2019	2020	2021	2022
0	2	2	2	3	2

Source: Notification of weight and/or speed limits on state highway bridges 2022_23. Details can be found on the Waka Kotahi website on this link: www.nzta.govt.nz/roads-and-rail/bridges-and-structures/bridge-restrictions

¹¹ Restrictions on bridges for higher mass vehicles only (ie 50MAX, HPMV and overweight vehicles) are noted separately and are not considered as part of this data set.

Last year's restrictions to SH25 Waiwawa River Bridge and SH39 Mangaotama Stream Bridge had been removed after bridge strengthening and bridge replacement, respectively. Restrictions to SH3 Kopaki Rail Overbridge remained in place until the in October 2022 annual bridge posting, with its condition worsening in late 2022 resulting in its brief closure to all traffic and ultimately to all but light vehicles. The replacement bridge has been completed and opened to traffic in May 2023.

A high priority restriction for SH50 Ngaruroro River Bridge (Fernhill, Hawkes Bay) was included in the October 2022 annual bridge posting and actively placed in early 2023. Half joints to the bridge superstructure were found to be below standard load capacity. Weight restrictions equivalent to 70% of Class 1 loading were placed in addition to a 30km/h speed restriction for heavy motor vehicles. The effects on journeys by this restriction will have been exacerbated by the impacts of cyclone Gabrielle on other bridges in the vicinity. Strengthening of the bridge is planned for late 2024 or earlier if funding and programming permit.

Proportion of unplanned road closures resolved within standard timeframes

See the results and commentary for RES1 on page 52.

Performance of information and communication technology assets

This section provides information on the performance of our information asset management systems, including our critical information technology and communications systems (ICT).

ICT asset performance measures

We have five ICT asset performance measures across the categories of availability, condition and fit for purpose that align with expectations for asset performance assessment as described in Cabinet Office Circular CO (19) 6.31.

We use these measures to assess performance of our critical systems¹². The following systems are defined as critical because of the potential impacts on operational and business delivery if they fail:

- ITS Network - telecommunications network infrastructure for our transport operations
- DYNAC - our advanced traffic management system
- Sydney Coordinated Adaptive Traffic System (SCATS)
- Driver Licensing Register (DLR)
- Motor Vehicle Register (MVR)
- FLIR - manages the closed-circuit television cameras used on state highways
- Automated Invoice Processing (AIP)
- National Incident and Event Management System (NIEMS)
- Transport Incident and Event Management System (TRIES).

¹² For further information on our ICT asset performance measures, including a description of each measure, the matrix we use to determine incident priority and a glossary describing these critical ICT systems, see the explanatory notes for our performance measures on our website.

Table 9 shows how we are performing against our ICT asset performance measures for our critical systems. The total numbers of high priority incidents (P1 and P2) increased slightly this year. In addition, the profile of the incidents changed, with a decrease in the number of P1 incidents and a subsequent increase in the number of P2 incidents. This is due to more accurate incident impact analysis being carried out when incidents are first logged and ensuring they are categorised correctly.

The percentage up-time this year increased as critical systems were upgraded to increase availability and stability. However, we experienced several extended outages in critical systems due to ageing technology, which is scheduled for replacement.

Table 9 - ICT asset performance for critical systems

System name	Availability		Condition					
	Percentage up-time (%) ^A		Priority 1 outage time ^B		Priority 1 incidents		Priority 2 incidents	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
ITS Network	99.57	99.76	37:08	21h 30m	5	8	12	4
DYNAC	99.99	99.88	0:40	10h 30m	2	12	9	14
SCATS	99.98	99.98	2:11	2h	2	1	7	4
DLR and Landata ^C	100.00	99.94	0:00	5h	0	5	7	1
FLIR	99.90	99.89	9:07	10h	3	1	11	1
AIP	99.79	99.82	5:00	16h	2	9	0	0
NIEMS	99.99	100	0:40	0h	1	0	2	1
TRIES	99.97	99.93	2:33	6h	2	6	11	4
Total			57h 19m	71h	17	42	60	29

^A The percentage of time the system is available for use.

^B Average time for resolving priority 1 incidents.

^C Includes the motor vehicle register, vehicle inspection service and road user charges.

Technology remediation programme

This year, we continued to address additional technology system risks through our Technology Remediation Programme so systems are up to date, supported and secure and have built-in redundancy. Table 10 describes the extent to which our critical systems are fit for purpose and the remediation work under way for each system.

Table 10 – Extent to which critical systems are fit for purpose and remediation work under way

System name	Is the system fit for purpose? ^A
ITS Network	A project is under way to upgrade this network.
DYNAC	Fit for purpose.
SCATS	Fit for purpose. An upgrade is scheduled to ensure platform currency.
DLR and Landata ^B	The registers are fit for purpose, being operationally fit and technically robust. An ongoing programme for technology resilience and security improvements is in place.
FLIR	A project is under way to upgrade this technology.
AIP	Meets business needs but its functionality is included in a broader review of our enterprise resource planning tool.
NIEMS	Meets core requirements for the Wellington Transport Operations Centre and Christchurch City Council but is not an integrated national event and incident management solution. A review is planned for 2024 to determine future direction.
TRIES	This is a bespoke legacy system for transport incidents. A review is planned for 2024 to determine future direction.

^A A Langata business assessment determined whether the system fulfils business requirements.

^B Includes the motor vehicle register, vehicle inspection service and road user charges.

Appendix 3: Significant capital projects performance against milestones

National Land Transport Programme

Project	2022/23 SPE milestone	2022/23 result	Commentary
Auckland Network Optimisation	Programme governance established and delivery team resourced. Construction of The Strand improvements project started. Designs for four projects for implementation in 2023/24 completed.	Progress made, but not achieved	Programme governance was established with a joint delivery model and partnership with Auckland Transport. Auckland Network Optimisation has faced resourcing and project challenges, including from the Auckland floods, which delayed the start of construction of The Strand. Design work for four projects was discontinued due to the identification of limited benefits. Design for nine alternative projects is under way.
Ara Tūhono: Pūhoi-Warkworth	All planting and fencing works completed. All pavement works completed. Intelligent Transport System integration testing completed. Practical completion achieved.	Good progress made, but not achieved	All pavement works were completed. Intelligent Transport System integration testing was also completed. The road achieved practical completion on 12 June 2023 and was opened on 19 June 2023. Planting, fencing and other deferred works remain to be done. Final works completion is expected in 2023/24.
Northern Corridor Improvements	State Highway 18 westbound onramp opened. State Highway 18 to State Highway 1 northbound link opened. State Highway 1 to State Highway 18 westbound link opened. Practical completion achieved (excludes Rosedale Bus Station and Rosedale Road four-laning).	Achieved	The State Highway 18 westbound onramp, State Highway 18 to State Highway 1 northbound link and State Highway 1 to State Highway 18 westbound link were opened. Practical completion was achieved on 9 June 2023. The Northern Corridor Improvements Project has been delivered within budget and meets quality requirements. The corridor 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.

Project	2022/23 SPE milestone	2022/23 result	Commentary
Additional Waitematā Harbour Connections	Professional service suppliers procured and public engagement on options completed.	Achieved	Professional service suppliers for the indicative business case were procured, and initial public engagement on the options was completed.
Supporting Growth Alliance	Four detailed business cases for route protection of the preferred transport network to support future growth areas completed. Notice of Requirement for the northwest preferred transport network completed and lodged.	Achieved	The detailed business cases for route protection for Warkworth, Takanini Grade Separated Rail and Frequent Transport Network, North and Pukekohe were completed. The Notice of Requirement for the northwest preferred transport network was completed and lodged with Auckland Council for approval. Hearings are scheduled for September and October 2023.
State Highway 29 Tauriko West Enabling Works	All consents and design completed. Construction contracts tendered.	Good progress made, but not achieved	Design was completed and consents were lodged. However, processing by Tauranga City Council was delayed. Hearings were held in June and also scheduled for August 2023. Procurement for construction started but was put on hold due to consenting delays.
Baypark to Bayfair Link Upgrade	Bridge structure completed, and traffic switched onto Bridge 1 (MGI Flyover). MGI roundabout completed and open to traffic. Te Maunga interchange completed and opened to traffic.	Good progress made, but not achieved	The bridge structure was completed, and traffic switched onto Bridge 1 (MGI Flyover). The MGI roundabout and Te Maunga interchange have not been completed due to resourcing challenges and the effects of significant weather events. The MGI roundabout has been opened to one-lane traffic under temporary traffic management. Project completion is expected in December 2023.
Te Ahu a Turanga: Manawatū Tararua Highway	Construction of piers for bridges 2 and 3 completed. Pavement subbase construction started.	Good progress made, but not achieved	The bridge piers were substantially completed with the last column yet to be done at Bridge 3. Pavement subbase construction started.
Te Ara o Te Ata: Mt Messenger Bypass	Construction on the southern end started. Access for tunnel works built.	Good progress made, but not achieved	Construction on the southern end started. Access and establishment work for the tunnel is under way.

Project	2022/23 SPE milestone	2022/23 result	Commentary
Peka Peka to Ōtaki Expressway	Road open to traffic. Practical completion achieved.	Achieved	The expressway was opened to traffic on 23 December 2022 and achieved practical completion on 31 May 2023. Since opening, the expressway has reduced congestion and improved travel time reliability for people and freight. It has improved safety by separating local and highway traffic, encouraged the use of active modes with its off-road shared path, and increased resilience of the road network.
Transmission Gully	Practical completion achieved.	Not achieved	The road has been open to traffic since 31 March 2022 providing good service levels and improved regional resilience. However, completion of remaining work has not been achieved. Based on the builder's progress, completion of builder scope is likely to extend until at least mid-2025.
Te Ara Tupua: Ngā Ūranga ki Pito-One	Site established and main construction works started.	Achieved	The site was established, and main construction works started.
Christchurch Public Transport Futures Mass Rapid Transit	Indicative business case completed and endorsed by the Waka Kotahi Board.	Achieved	The indicative business case was completed and endorsed by the Waka Kotahi Board.

NZ Upgrade Programme

Project	2022/23 SPE milestone	2022/23 result	Commentary
State Highway 1 Whangārei to Port Marsden Highway Safety Improvements	Detailed business case completed, endorsed by the Waka Kotahi Board and approved by Ministers.	Achieved	The detailed business case was completed, endorsed by the Waka Kotahi Board and approved by Ministers. The project has started pre-implementation.
South Auckland Package	Detailed business case completed, endorsed by the Waka Kotahi Board and approved by Ministers. Lodgement of resource consents started.	Progress made, but not achieved	Completion of the detailed business case was delayed due to work on additional options for Mill Road safety improvements to include a stronger public transport proposition. The business case will be presented to the Waka Kotahi Board and Ministers in late 2023. Lodgement of resource consents has not started and is now scheduled for the first quarter of 2024/25 for Waihoehoe Rd Upgrade and second quarter of 2024/25 for State Highway 22 Upgrade.

Project	2022/23 SPE milestone	2022/23 result	Commentary
Ōtaki to North of Levin	Detailed business case completed, endorsed by the Waka Kotahi Board and approved by Ministers. Resource consents lodged. Active property acquisition started.	Achieved	The detailed business case was completed, endorsed by the Waka Kotahi Board and approved by Ministers. Resource consents were lodged, with more than half the 90 submissions positive, neutral or conditionally supportive. Environment Court hearings are scheduled for October 2023. Excellent progress was made on property acquisition, with nearly 50 percent of parcels required for the project acquired.
Queenstown Package	Designation alterations and Notices of Requirement lodged. Subject to securing designations, construction works started.	Progress made, but not achieved	Designation alterations and Notices of Requirement were lodged. Construction has not started due to affordability challenges. A revised cost proposal is being prepared.

Supporting Regions Programme

Thirteen of the 22 projects in the Supporting Regions Programme we are delivering have been completed, including four this year:

- State Highway 60 Motueka safety improvements
- West Coast state highway single lane bridges
- State Highway 6 and State Highway 8b Cromwell intersection
- State Highway 2 College Road to Silverstream.

The programme continues to experience delays caused by the recent weather events and the COVID-19 pandemic. Several projects have experienced delays in consenting, approvals and property acquisition.

Six projects are planned for completion next year, with four in the first half of the year. We expect a busy upcoming construction season for many projects. Contractor resourcing will be one of the key areas we monitor in the next year to ensure timely delivery.

Appendix 4: Vote Transport Appropriation measures (unaudited)

We are required to provide year-end performance information on appropriations Waka Kotahi is funded for. This section delivers against our reporting requirements under Vote Transport Estimates of Appropriations 2022/23 – Economic Development and Infrastructure Sector and Vote Transport Supplementary Estimates of Appropriations 2022/23.

Non-departmental output expenses

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Clean car standard - operation					
CCS1	Proportion of vehicle imports with CO ₂ and importer information, allowing robust measurement against national CO ₂ targets	Achieved	99%	100%	100%
Clean vehicle discount administration costs PLA					
CVD1	Administration costs incurred in accordance with the funding agreement with the Ministry of Transport	Achieved	Achieved	Achieved	Achieved
Cyclone Gabrielle: National Land Transport Fund operating cost pressure funding					
CG1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	New measure
Funding for temporary decreases in fuel excise duty, road user charges, public transport fares and railway track user charges					
FTD1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Land transport regulatory services					
CAS1	Average number of days taken to enter fatal crash reports into the Crash Analysis System	Achieved	10 working days or less	2.1 working days	1.5 working days
CPO1	Number of community provider organisations who can make group bookings for Class 1 practical tests on the same day	Achieved	7	8	New measure
CPO2	Number of testing days that community provider organisations can book for Class 1 practical tests on the same day	Achieved	30	31	New measure
LIC1	Number of drug or alcohol assessments funded	Achieved	700 or less ^A	347	439
LIC2	Number of older driver licences subsidised	Achieved	116,889 or less ^A	103,586	100,244
MIN1	Proportion of requests completed within specified timeframes – Ministerial correspondence	Achieved	95% or greater	100%	98%
MIN2	Proportion of requests completed within specified timeframes – Parliamentary questions	Achieved	100%	100%	99.9%
MIN3	Proportion of requests completed within specified timeframes – Official Information Act requests	Not achieved	100%	99.8%	99%
DTW1	Average national wait times for a driving test ^B	Achieved	Baseline setting	14 [Baseline set at less than 16]	New measure
TST1	Number of theory test sites nationally ^B	Achieved	Baseline setting	133	New measure
TSP1	Number of practical test sites nationally ^B	Achieved	Baseline setting	100	New measure
MTT1	Number of mobile theory tests conducted in a year ^B	Achieved	Baseline setting	3,748 [Baseline set at 3,000]	New measure
CPS1	Number of community providers directly supported with expert advice from Waka Kotahi in a year ^B	Not achieved	Baseline setting	0	New measure
REA1	Number of regional expert advisors supporting community driver training, and mentoring programmes (expected to be consistent across years) ^B	Not achieved	Baseline setting	0	New measure

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
PPD1	Number of people participating in DRIVE ^B	Achieved	Baseline setting	225,561 [Baseline set at 200,000]	New measure

National Land Transport Programme Additional Crown Funding (2021-2024)

NLTP-AC1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet ^C	Achieved	100%	100%	New measure
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Public transport bus decarbonisation

ZEV1	Increase in the number of zero-emission vehicles deployed into the public transport fleet, measured annually	Achieved	Increase	240 buses [compared to 129 in 2021/22]	New measure
EUB1	Reduction in the number of Euro III and below buses deployed in the public transport fleet ^D	Achieved	Decrease	307 buses [compared to 346 in 2021/22]	New measure

Retaining and recruiting bus drivers

RBD1	Proportion of scheduled bus service trips not operated ^E	Achieved	Decreasing	11.4% [new baseline set]	New measure
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Road user charges refunds

RUC1	Average number of days to process road user charges refund applications	Achieved	20 working days or less	10 working days	7 working days
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Social leasing scheme trial

SLST1	Administration costs incurred in accordance with the funding agreement with the Ministry of Transport ^F	Achieved	Achieved	Achieved	New measure
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Non-departmental other expenses

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
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Bad Debt Provision - Land transport revenue collected by Waka Kotahi New Zealand Transport Agency

BDP1	Proportion of bad debt for road user charges against forecast revenue ^G	Not achieved	0.45% or less	0.67%	1.3%
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Eastern Busway Project

EBP1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet ^H	Achieved	Achieved	Achieved	New measure
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Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Waka Kotahi NZ Transport Agency Palmerston North Premises					
PNP1	Proportion of operational expenditure spent to budget	Achieved	100%	100%	100%

Non-departmental capital expenditure

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Capital Investment Package - Funding for Crown assets					
NZUP1	Proportion of Waka Kotahi NZ Transport Agency NZ Upgrade activities delivered to agreed standards and timeframes	Not achieved	90% or greater	86%	54%

Clean car standard - capital

CCS-C1	Systems and internal capability are implemented to commence policy with importers of vehicles by late 2022	Achieved	Achieved	Achieved	Not achieved
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Housing Infrastructure Fund loans

HIF1	The loan will be drawn down for the purposes and on the terms agreed between Waka Kotahi NZ Transport Agency and the Minister of Transport	Achieved	100%	100%	100%
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National Land Transport Programme Capital PLA

SH11	Proportion of state highway improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ¹	Not achieved	90% or greater	71%	86%
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National Land Transport Programme Loan 2021 - 2024

NLTP-L1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%
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Ngauranga to Petone shared pathway project

NPSP1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	Achieved	Achieved	New measure
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NLTF borrowing facility for short-term advances

NLTF-A1	The loan will be drawn down for the purposes and on the terms agreed between Waka Kotahi NZ Transport Agency and the Minister of Transport	Achieved	100%	100%	100%
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Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Regional state highways					
RSH1	Proportion of Waka Kotahi NZ Transport Agency Regional Investment Opportunities (RIO) activities delivered to agreed budget and timeframes ^J	Not achieved	80% or greater	54%	74%

Waka Kotahi NZ Transport Agency regulatory loans

REG1	The loan will be drawn down for the purposes and on the terms agreed between Waka Kotahi NZ Transport Agency and the Minister of Transport	Achieved	100%	100%	100%
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Multi-category expenses and capital expenditure

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
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Capital investment package - funding for Crown assets

Overarching measure

CIPO0	Reporting on an annual basis	Achieved	Achieved	Achieved	New measure
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Non-departmental output expenses - operating costs

CIPO1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet ^K	Achieved	100%	100%	100%
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Clean Car Upgrade

Overarching measure

CCU0	Reporting on an annual basis	Achieved	Achieved	Achieved	New measure
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Non-departmental output expenses - administration of the Clean Car Upgrade

CCU1	Administration costs incurred in accordance with the funding agreement with the Ministry of Transport	Achieved	Achieved	Achieved	New measure
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Community Connect Programme

Overarching measure

CCP0	Reporting on an annual basis	Achieved	Achieved	Achieved	New measure
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Non-departmental output expenses - administration of the Community Connect programme

CCP1	Community Connect is implemented in at least one major urban area in the short term	Not achieved	Achieved	Not implemented	New measure
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Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Non-departmental other expenses – public transport concessions					
CCP2	Number of boardings using Community Connect concessions	Not achieved	Baseline setting	Not implemented	New measure
Non-departmental other expenses – total mobility scheme local share funding shortfall					
CCP3	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	Achieved	Achieved	New measure
COVID-19 – NLTF funding for cost pressures and revenue shocks					
Non-departmental output expenses – COVID-19 – NLTF operating cost pressure and revenue shortfall funding					
CPRS1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%
Non-departmental capital expenditure – COVID-19 – NLTF capital cost pressure funding					
CPF1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%
Non-departmental capital expenditure – equity injection to Waka Kotahi NZ Transport Agency					
EIF1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%
Mode-shift – planning, infrastructure, services, and activities					
Non-departmental output expenses – mode shift – operating costs					
MSOC1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	New measure
MSOC2	National light Vehicle Kilometres Travelled (VKT) reduction plan to be provided to the Minister of Transport by 30 June 2023 ^L	Not achieved	Achieved	Not achieved	New measure
Non-departmental other expenses – mode shift -third-party projects and activities					
MSTP1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	New measure
MSTP2	Light VKT reduction programmes for Tier 1 urban environments that are aligned to relevant sub-national light VKT reduction targets are on track to be approved and published by 31 December 2023	Not achieved	Achieved	Not achieved	New measure

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Non-departmental capital expenditure – mode shift – funding for crown assets					
MSCA1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	New measure
Reinstatement of the South Island transport corridors					
Non-departmental output expenses – restoration of State Highway 1 between Picton and Christchurch					
KAIK2	Proportion of restoration projects of State Highway 1 between Picton and Christchurch with defects liability period completed to plan	Achieved	100%	100%	100%
Non-departmental capital expenditure – rebuild of State Highway 1 between Picton and Christchurch					
KAIK3	Proportion of rebuild projects of State Highway 1 between Picton and Christchurch with defects liability period completed to plan	Achieved	100%	100%	100%
SuperGold Card enhanced public transport concessions scheme					
Non-departmental output expenses – administration of the public transport concessions scheme					
SG1	Proportion of payments made by Waka Kotahi, from the date the claims were submitted by approved organisations within 20 working days ^M	Achieved	100%	100%	3%
Non-departmental other expenses – public transport concessions for cardholders					
SG2	Number of boardings using SuperGold concessions	Not achieved	12-15 million	11.5 million	9.2 million
Tuawhenua Provincial Growth Fund – transport projects					
Non-departmental output expenses – supporting regional and infrastructure projects					
PGF1	Average number of days to release Provincial Growth Fund funding to support regional and infrastructure projects once approved	Achieved	20 working days or less	No claims made	12 working days
Non-departmental other expenses – enabling infrastructure projects					
PGF2	Average number of days to release Provincial Growth Fund infrastructure funding once approved	Achieved	20 working days or less	7 working days	9.2 working days
Non-departmental other expenses – regional projects and capability					
PGF5	Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to budget and timeframes	Achieved	100%	100%	New measure

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Non-departmental capital expenditure - infrastructure projects					
PGF7	Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund (PGF) delivered to budget and timeframes ^N	Not achieved	80% or greater	60%	100%

^A The result is dependent on the number of applications we receive.

^B These are new performance indicators that intend to set a baseline for the new initiative to increase equitable access to driver licences to improve employment and safety outcomes. The target 16 had been benchmarked using the previous years data. Current Regulatory data has the Target as 15 Days. We will use all data at hand to create the target going forward in the next round of estimates. It is important to note, the target in the 23/24 Estimates is less than 30 days, so this target is a large reduction in the previous one, with future targets intended to decrease in line with new data we receive.

^C This measure has been created to report how money has been utilised to support the funded activities in accordance with the terms and conditions agreed to by Cabinet.

^D The wording of this measure has been updated to remove Euro IV as it is not yet possible to differentiate Euro IV buses in the data pool.

^E This measure has been created to report the outcome intended as a result of improved bus driver terms and conditions.

^F This measure has been created to understand whether funding was used appropriately in the establishment phase of the trial.

^G This measure has been transferred from the non-departmental other appropriation 'Bad Debt Provision - Motor Vehicle Registration/Licenses and Road User Charges' as a result of appropriation restructuring.

^H This measure has been created to understand whether funding was used appropriately to support the funded activities.

^I This measure is also a performance measure for the National Land Transport Programme PLA appropriation (State Highway Improvements).

^J The measure wording has been changed to be clearer about what projects we are reporting on. The target was reduced from 90% to 80%. Unprecedented severe weather events have negatively affected delivery of our projects. Projects, especially smaller ones, have been affected by the reprioritisation of limited resources to more urgent activities. The 80% target is similar to the standards set for local road improvement activities and walking and cycling improvements.

^K This measure has been reported against previously but was not included in the 2022/23 Estimates of Appropriations as no funding was allocated to this appropriation at that time.

^L This measure has been created to reflect what's expected for the national VKT reduction plan before 30 June 2023.

^M This measure replaces the previous performance measure to align with how claims are submitted by approved organisations.

^N The acronym PGF has been added into the measure wording for better clarity. The target was reduced from 90% to 80%. Unprecedented severe weather events have negatively affected delivery of our projects. Projects, especially smaller ones, have been affected by the reprioritisation of limited resources to more urgent activities. The 80% target is similar to the standards set for local road improvement activities and walking and cycling improvements.

Non-departmental output expenses

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
National Land Transport Programme PLA					
Investment management					
IM1	Proportion of total cost of managing the investment funding allocation system to National Land Transport Programme expenditure	Achieved	1.1% or less	0.83%	0.86%
Local road improvements					
LRI1	Proportion of local road improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes	Not achieved	80% or greater	66%	61%
State highway improvements					
SHI1	Proportion of state highway improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ^A	Not achieved	90% or greater	71%	86%
Local road maintenance					
LRM3	Local road maintenance cost per lane kilometre delivered ^B	Not achieved	\$4,480 or less	\$4,627	\$4,108
State highway maintenance					
SHM3	State highway maintenance cost per lane kilometre delivered	Not achieved	\$25,000-34,200	\$31,505	\$29,423
Public transport services and public transport infrastructure					
PTS1	Number of boardings on public transport services (bus, train and ferry)	Achieved	Increasing	129 million	86 million
PTI1	Punctuality of metro rail services that depart no more than 1 minute early or 5 minutes late ^C	Not achieved	95%	82.0% (compared with 92% in 2021/22)	Baseline set: Auckland - 94.0% Wellington - 89.3%
Walking and cycling improvements					
WCI1	Proportion of cycleways, pathways and shared paths delivered against plan ^D	Not achieved	80%	Unable to report	Baseline not set
Rail network					
RN2	Freight travel time reliability ^E	Not achieved	90%	83%	Baseline set: 86%
RN1	Amount of freight carried by rail	Not achieved	Increasing	3,928	New measure
Coastal shipping					

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
CS1	Coastal shipping activities delivered and funded in accordance with contractual terms ^F	Not achieved	Achieve	Not achieved	New measure
Road to Zero ^H					
RTZ1	Length of the network treated with reduced speed limits	Not achieved	500km or greater ^G	206km	165km
RTZ2	Number of corridor infrastructure safety improvements projects started to plan	Achieved	5 or greater ^G	5	4
Road user charges investigation and enforcement					
REV1	Proportion of unpaid road user charges identified through investigations and assessments that are collected	Achieved	65% ^I	81%	82%

Non-departmental capital expenditure

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
National Land Transport Programme Capital PLA					
SHI1	Proportion of state highway improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ^J	Not achieved	90% or greater	71%	86%

^A This is also a performance measure for the National Land Transport Programme Capital PLA appropriation.

^B The budget standard was amended in 2022/23 from \$3,638–4,334 to less than or equal to \$4,480 to provide a more specific target.

^C Baseline data gathering has been completed and, with the evidence, the performance indicator has been set as 95%.

^D Baseline data gathering has been completed and, with the evidence, the performance indicator has been set as 80%.

^E Reliability of freight travel time performance indicator has been renamed to freight travel time reliability to better align with KiwiRail's performance measures.

^F This replaces a previous indicator on the development of an investment plan for coastal shipping and reflects the next phase, which is the procurement process.

^G The annual target is indicative. Performance assessment of this activity under the Road to Zero Programme is at the end of the three-year period of the NLTP (2021/22–2023/24).

^H In the 2022/23 Supplementary Estimates, RTZ1 and RTZ2 measures were incorrectly removed and the RTZ7 and RTZ8 measures were incorrectly added. These changes were not supposed to be implemented until the 2023/24 Estimates.

^I This Estimates standard has been updated to allow for more precise reporting.

^J This is also a performance measure for the National Land Transport Programme PLA appropriation (State Highway Improvements).

Non-departmental output expenses

Ref	Appropriation and measure name	Result status	2022/23 Budget standard	2022/23 Actual	2021/22 Actual
Waka Kotahi regulatory functions PLA					
DEL4	Progress in delivering the regulatory strategy ^A	Achieved	Achieved	Achieved	New measure

^A This measure was created to report the implementation of our regulatory strategy, which is crucial to establishing the Director of Land Transport's operating model, the monitoring responsibilities and the future of regulatory services.

Appendix 5: Our people (unaudited)

Our people mean a lot to us. In fact, they're everything. It's their effort and commitment that enable us to do what we do.

This section summarises what our workforce looked like at the end of June 2023. It also describes the things we did over 2022/23 to continue to meet our commitment to be a good employer.

Our workforce

At the end of 2022/23, we had 2734 permanent employees, an increase of 17.6 percent from the previous year. Many of our permanent staff make use of our flexible working policy to work hours that better suit their needs, meaning we had 2570.2 full-time equivalents (FTEs).

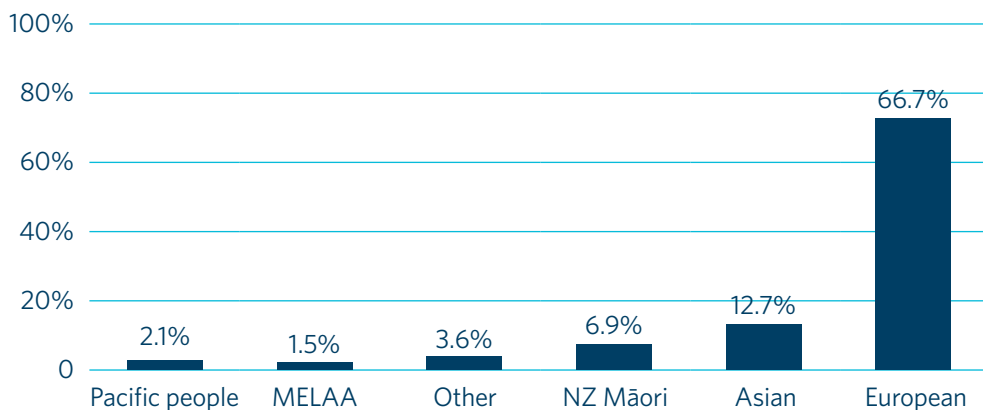
Our permanent workforce has grown in response to our growing programme of delivery, which has required more people and more capacity and capability. We've also had a four percentage point reduction in our annual voluntary turnover of permanent employees as the impacts of COVID-19 on the local and international workforce eased (from 18 percent as at 30 June 2022 to 14 percent at 30 June 2023).

The proportion of our workforce on fixed-term employment agreements is 4.3 percent. Our use of employees on fixed-term agreements varies throughout the year depending on business needs.

Ethnicity profile

Two-thirds of our staff identify as European and 6.9% as Māori (see figure 29).

Figure 29 - Ethnic groups with which permanent staff identify (self-identified, staff can self-identify with more than one group), as at 30 June 2023



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

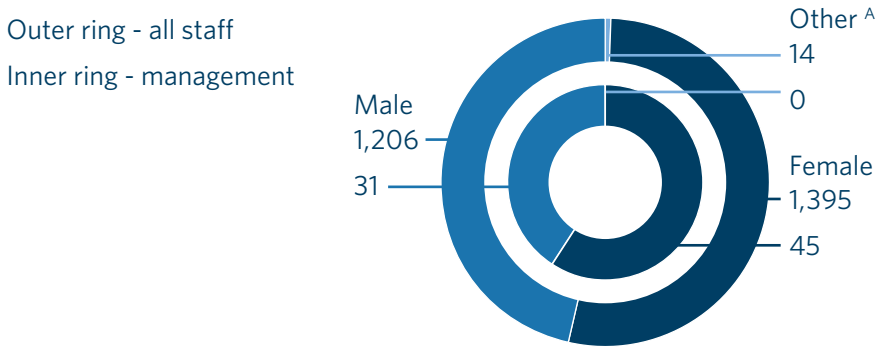
Gender profile

We have more female than male permanent employees, with 1395 (54 percent) female and 1206 (46 percent) male, as well as 14 people who identify as gender diverse or did not declare a gender.

Permanent senior managers (tiers 1 to 3) are 45 (59 percent) female and 31 (41 percent) male.

Our part-time workforce (that is, people employed fewer than 40 hours per week) is about 6.9 percent of our total permanent workforce. About 9.6 percent of our permanent female workforce works part time compared with 3.2 percent of our permanent male workforce.

Figure 30 - Gender profile of permanent staff, as at 30 June 2023



^A Another gender or did not declare a gender.

Closing the gender pay gap

The overall gender pay gap (the difference between the average pay for male and female employees) is 19 percent, down from 21 percent at the same time last year. This gap is a result of the over-representation of female employees in lower job bands and the under-representation of female employees in higher job bands, although we have seen some changes to that in the past year as reflected in table 11.

Waka Kotahi has pay equity (this means women and men receive the same pay for doing jobs that are different, but of equal value). The gender pay gap by band is shown in table 11 (a negative value means the average pay for female employees is higher than the average pay for male employees).

Table 11 – Gender pay gap by band, as at date

Band	Average gender pay gap (%)
Band 11	-0.2
Band 12	1.2
Band 13	-3.5
Band 14	-3.6
Band 15	-1.6
Band 16	0.2
Band 17	1.0
Band 18	1.2
Band 19	1.1
Band 20	1.0
Band 21	-0.7
Band 22	-8.4
Band 23	-2.4
Executive	1.6

Our commitments to being a good employer

We recognise, respect and value differences and are committed to providing equal employment opportunities for all. This creates better outcomes for our people and the people we are ultimately here for – the people of Aotearoa New Zealand.

We are creating a strategy-led, people-centred organisation that is fit for the future, where our people are proud to be part of creating a better Aotearoa. We are committed to being fair, open and transparent and having a workplace where our people are energised and able to perform at their best.

We strive to address barriers to diversity and inclusion in our organisation.

We actively engage with our people and their unions when we develop people policies and initiate change programmes, including as we continuously improve our practices.

The following sections list our policies and practices that demonstrate our continued commitment to being a good employer as defined by Te Kāhui Tika Tangata Human Rights Commission and expected by Te Kawa Mataaho Public Service Commission.

People policies and practices by functional element, as at 30 June 2023

Functional element: Leadership, accountability and culture

Our main people policies and practices

Our values and behaviours define what’s important to us and help us deliver our best work, every day. They influence how we work in Waka Kotahi and how we engage externally with iwi, partners, stakeholders and communities.

Culture and leadership is one of our four kāhui whetū – strategic priorities. This priority reflects our commitment to investing in a culture and leadership shift to enable the achievement of Te Kāpehu – our strategic goals.

Some mahi is under way to articulate the desired culture and ensure the many elements that create culture are aligned. Leaders have the most opportunity to affect the day-to-day experience of employees, so leadership capability is acknowledged as a significant lever of culture.

Our leadership expectations and capability framework provide clear direction for our leaders. These include a focus on leadership capability areas such as being inclusive, courageous, adaptive, strategic and outcome focused. Accountability is strengthened through the goal-setting performance cycles and development planning along with coaching and feedback.

Resources, programmes and opportunities support leaders to build excellence in people management and leadership and include the following:

- Pā Harakeke, our new people capability framework, has an initial focus on leadership. It articulates five capability areas we require leaders to have and build on. It helps people consider these capabilities across self, people, technical and enterprise leadership. Te ao Māori and tikanga are woven throughout.
- Our Accelerate Leadership Programme was developed to lift the capability of all Waka Kotahi leaders regardless of tier. This programme consists of six modules: courageous leadership, strategic leadership, people leadership, team leadership, adaptive leadership and inclusive leadership.
- A leadership essentials suite of information has launched, covering essential knowledge, processes, mind sets and conversations. It supports the more fundamental elements of people management and leadership and includes a digital leader hub to make it easy for people to find what they need along with opportunities to attend facilitated peer-learning sessions about what good quality conversations look like. Other programmes include coaching courses such as:
 - Leading Through Change
 - The Art of Feedback
 - Leading with Heart
 - Storytelling (a micro-credential).
- Informal learning opportunities include:
 - LinkedIn Learning
 - communities of practice.
- Greater accountability on leaders to prioritise people leader activities and demonstrate expected leadership behaviours is being supported through the introduction of a shared people leader goal for 2023/24 and through leaders of leaders observing, providing feedback and coaching.
- A new 360-degree feedback tool (aligned to our leadership capabilities) has been piloted and will be rolled out over the next 12-18 months. This tool gives leaders opportunities to better understand the impact they are having along and to identify strengths and development opportunities.

Regular senior leader hui provide leaders with opportunities to work collaboratively and contribute to organisational thinking and decision making.

Our chief executive's newsletter called The Way We Move, regular video

newsletter and audio calls provide strong leadership, are grounded in our values, and ensure we all have access to the same information.

Informal recognition is linked to our values, and tools support people to provide values-based recognition to each other.

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

Puna Koi, our new human resources information system, has been in place for a year and is providing valuable workforce data that enables us to make better informed, proactive decisions in partnership with the business.

Peakon is used to measure employee engagement and satisfaction, providing a lens across our culture. The name gifted for this survey is Tapatahi. Our overall engagement score at the end of 2022/23 was 7.6 out of a possible 10. The elements that measure how employees view their leaders continues to track high at 8.5. Three key engagement elements contribute to this driver:

- my manager provides me with the support I need to complete my work
- my manager cares about me as a person
- my manager communicates openly and honestly with me.

Functional element: **Recruitment, selection and induction**

Our main people policies and practices

Our recruitment and selection processes support our commitment to diversity and inclusion, providing equal employment opportunities and eliminating bias. We use creative solutions to search for and source talent. We are an accredited employer with the New Zealand Immigration Service.

Our recruitment collateral, including our careers website, feature employees from diverse backgrounds and inclusive language.

Progression within Waka Kotahi is based on merit rather than service and is built around competencies and skills. We grow, develop and progress talent through active succession planning and talent identification. As part of this, we identify and address barriers to participation and progression.

Our Emerging Professionals graduate programme helps us to identify and engage with emerging talent and includes a planned rotational programme with a strong development focus. We also sponsor or partner with TupuToa and TupuTai, Māori and Pacific internship programmes, to increase the diversity of our graduate pipelines and build a more inclusive workforce.

This year, we began a pilot programme to enable the build of a project management talent pipeline. Project management skills are scarce in the land transport industry, so we are investing in building capability to support the key projects required to keep Aotearoa safe and moving – now and into the future. This investment includes a project management academy that spans three years and complements tertiary study. The first academy cohort was sourced internally but future cohorts will include external recruitment. Aspects of Pā Harakeke will be reflected in our recruitment and selection approach as this mahi evolves.

We launched our new induction programme Whiria te Ngākau. The name means ‘weave the heart’, so speaks to the importance of binding our work to our hearts and infusing our actions with purpose, meaning and passion.

The new programme holds Te Kāpehu, Tā Tātou Rautaki Akoranga (our learning

strategy) and Te Ara Kotahi (our Māori strategy) at its heart to create an introduction to Waka Kotahi that sparks human connection and helps our new starters feel engaged, included and supported from day one.

Functional element: **Promoting diversity and inclusion**

Our main people policies and practices

We are committed to promoting a diverse, equitable and inclusive workplace as it is a critical strength that enables us to better understand, listen to and work with communities across Aotearoa, enhance relationships with stakeholders, evolve our culture, attract top talent, make better decisions and innovate.

Through Tapatahi we measure how satisfied our people are with our efforts to create a diverse and inclusive workplace. Our diversity and inclusion score increased over the last year from 7.7 to 7.9 out of a possible 10.

We are progressing our three-year diversity and inclusion roadmap, which includes initiatives to create a culture of inclusion that aligns with the focus areas Papa Pounamu and Kia Toipoto, the pay gap action plan, we have committed to as a member of the public service leadership team.

We continue to progress the six elements Te Kawa Mataaho has identified to promote diversity, equity and inclusion: cultural competence, addressing bias, inclusive leadership, building relationships and employee-led networks, and kia toipoto – addressing gender, Māori, Pacific and ethnic pay gaps.

Cultural competence

We have committed to the Whāinga Amorangi Programme, which has incorporated the work started through Te Ara Kotahi and Te Ara Poutama, our Māori capability toolkit. We finalised our Whāinga Amorangi plan last year and are preparing for phase two in 2023/24.

We continue to be the highest subscriber across government to Te Arawhiti, the introduction to engagement with Māori and engagement with Māori planning workshops.

Whiria te Ngākau will introduce mihi whakatau, a welcome ceremony, to be held quarterly across our offices to officially welcome new starters. We will also introduce the Wall Walk, a new externally facilitated experience designed to raise collective awareness of important events in the history of Aotearoa New Zealand's bicultural relations (this will also be available for all existing employees).

We encourage people leaders to develop their cultural competency and support their people in developing theirs as part of our performance goal-setting process. We provide several internal learning experiences to support our people to develop their capability; it is not compulsory currently.

We provide a variety of learning experiences from beginner to advanced levels through online and regional pakihi Māori suppliers.

The table lists our internal learning experiences and the participant data for

each.

Te Ara Poutama 2021/22

Course name*	Number of participants
Introduction to Te Ao Māori (The Māori World)	112
Kia Tipu - Te Ao Māori Course 1	64
Kia Hua - Te Ao Māori Course 2	48
Kia Pūawai - Te Ao Māori Course 3 (9-week course)	25
Te Reo Māori 101	105
Te Rito 2020 - Course One - Introduction to Te Rito	173
Te Rito 2020 - Course Three - Back to the Future	115
Te Rito 2020 - Course Two - Te Ao Māori - The Māori World	141
Te Rito 2020 - Course Four - Walking in Two Worlds	91
Toro Mai - Tikanga Māori	25
Toro Mai - Te Reo Māori	64

* The table documents formalised learning experiences, but we also host 'lunch and learn', site-specific, and group- and team-initiated learning events throughout the year to lift capability in and understanding of āronga Māori (Māori perspectives). We don't monitor attendance or assess or evaluate these activities.

Addressing bias

We continue to action and integrate recommendations identified by Diversity Works New Zealand when it audited our internal policies, practices and learning initiatives.

When implementing Puna Koi, we asked employees to review their diversity-related information and, while not compulsory, we encourage people to update their information to support the continual building of our insights in this space and to address identified disparities.

We provide guidance on unconscious bias for hiring managers and share hints on unconscious bias on our talent acquisition intranet page.

Our partnerships with TupuToa and TupuTai are helping us to increase the diversity of our graduates and build a more inclusive workforce. Our first cohort of interns was recruited into our Emerging Professionals programme on successful completion.

We have integrated unconscious bias content into the Accelerate Leadership programme for people leaders and provide several other learning opportunities for all employees. These learning offerings include content on the importance of diversity and inclusion, what a diverse and inclusive workplace looks like, understanding unconscious bias, seeking feedback to build awareness and cultural competency, and creating a safe space for people to give feedback.

On the International Day of Disabled Persons we launched a new disability awareness module, which was developed in partnership with CCS Disability Action.

The table below lists our internal learning courses and enrolment data.

Diversity and inclusion 2022/23

Course name*	Completed	In progress
Introduction to Building Our Inclusive Waka	74	10
Conscious Inclusion	123	42
Including the Rainbow Community at Waka Kotahi	36	6
Disability Awareness	66	20
Total	299	78

* The table documents formalised learning modules, but we also host 'lunch and learn' sessions throughout the year to raise awareness and promote positive change. We do not monitor attendance at these activities.

We continue to build capability in our people to deliver accessible solutions for communicating with both the public and our people.

We are meeting our requirements under the Plain Language Act 2022 and have appointed a plain language officer. We are developing an online learning module to raise awareness and build capability in communicating in plain language.

We incorporated accessibility into the design and build of our new Wellington office and considered the needs of disabled people beyond minimum compliance requirements, including tactile braille signs on all meeting room doors through our space, accessibility benches with water taps, and a quiet zone to support neurodiverse people.

Inclusive leadership

The Accelerating Leadership team leadership module covers inclusive leadership techniques to build conscious inclusion, understanding the role of the leader in building inclusive leadership, and how to embed inclusive approaches into practices and behaviours.

The Leading with Heart workshop, recently renamed The Empowered Leader: Strategies for Leading with Courage, Compassion, and Confidence, provides our people leaders with practical tools, frameworks and principles for creating a caring and connected workplace environment and supporting teams to move forward, especially during challenging times.

Pā Harakeke includes inclusive leadership as one of five key leadership capabilities.

Building relationships

A focus of Accelerating Leadership is to foster positive relationships between people leaders and their direct reports, emphasising psychological safety, motivating people based on their interests and checking in on engagement.

Our values and behaviours shape our culture and guide the way we work. They are integrated into our core people processes and practices, with a focus on team conversations and activities.

We promote the inclusion of pronouns in email signatures to help build more respectful and inclusive relationships for everyone and help normalise the use of preferred pronouns in the organisation.

Tuakana-Teina relationships are part of Tā Tātou Rautaki Akoranga, our learning

strategy. These relations already occur throughout the organisation formally such as through Emerging Professionals and informally between teams. The application of Tuakana-Teina will continue to be supported and embedded.

Employee-led networks

We recognise employee-led networks play a key role in creating an inclusive culture. We are committed to actively supporting new and existing networks as part of our diversity and inclusion roadmap.

New networks have been formally launched, giving us five networks at different stages of maturity: Wāhine Network, Te Rangitāmiro Māori Network, Pasifika Network, Neurodiversity Network and Pride Network. All networks have executive sponsors and are supported with funding for initiatives aligned with the roadmap.

Forums have been established so network members can connect, share content and shape the future of the network groups. They run initiatives across Waka Kotahi such as the promotion of events and activities related to awareness events such as Matariki, International Women's Day, Pride month, Pink Shirt Day, Pacific language weeks, and Neurodiversity Celebration Week.

Lunch and learn sessions are hosted by our people and have included talks on ageism and intergenerational solidarity on International Youth Day, ending HIV stigma and discrimination in the workplace on World Aids Day, and busting the taboo about menopause during World Menopause Awareness Month.

The Wāhine Network advocated for the introduction of free period products in the workplace, which are now available in our women's, all-gender, and accessible bathrooms. A guide to supporting menopause at Waka Kotahi has also been introduced.

The Pride Network introduced rainbow lanyards for people to visibly show their pride and allyship and demonstrate we are committed to being a safe, welcoming and inclusive organisation for Rainbow communities.

Representatives from the Pride Network are also part of the Cross-Agency Rainbow Network that works to ensure Rainbow voices are included, respected and celebrated across the public service.

We continue to partner with the other transport-related government agencies as part of the Transport Group Women's Network and collectively support the vision and strategic outcomes of the wider government Women's Network.

We have created new online accessibility and plain language communities for people to build awareness, share insights and uplift our capability in accessibility and using plain language for ourselves and our customers.

We celebrate and leverage occasions such as New Zealand Sign Language Week and Global Accessibility Awareness Day to raise awareness about accessibility and inclusion for disabled communities.

Kia toipoto: Addressing gender, Māori, Pacific and ethnic pay gaps

We are committed to addressing pay gaps and continue to monitor and take action to close them. Building on previous work, we launched our first pay gaps action plan in 2023, which focuses on addressing the drivers of gender, Māori, Pacific and ethnic pay gaps.

The plan was developed with our people to align with our values and our commitment to the public service pay gaps action plan, Kia Toipoto.

Functional element: **Employee development, promotion and exit**

Our main people policies and practices

We promote a culture of learning and continued development at all levels. Development opportunities include undertaking project work, acting in other roles, being seconded, being mentored and coached, and undertaking online and face-to-face learning.

We launched Tā Tātou Rautaki Akoranga, our learning strategy, to support our People Strategy 2021-24 to enable our business to deliver its priorities, unleash people's potential, and create an awesome place to work.

We offer LinkedIn learning licences to all permanent and fixed-term employees, so they can access over 16,000 professional learning opportunities.

We continue to develop insights to support capability mapping, talent management, succession planning and progression and develop frameworks to support this work.

We are an accredited Institute of Professional Engineers New Zealand professional development partner.

We encourage conversations throughout the year between employees and their people leaders to ensure employee development is being considered and to retain key talent by providing internal and external secondment opportunities.

We offer flexible, user-choice exit interview options, including surveys, coffee debriefs and formal interviews.

Functional element: **Flexibility and work design**

Our main people policies and practices

We promote balancing work-life responsibilities through flexible working.

Our flexible working guidelines highlight the scope of flexible options beyond a hybrid office-work from home arrangement (for example, compressed work weeks, part-time working, and various leave options). These options help create a more diverse, equitable and inclusive workplace and enable our people and their leaders to discuss and agree on the best working arrangement for the individual, team and organisation.

Our people can request changes to their working arrangements, including to full-time and part-time work, variable start and finish times, remote working, job-sharing, condensed working weeks, and extended leave. Our current Tapatahi engagement results aligned to flexible working is currently 8.9, which moves us to the top 25 percent of the government sector.

Strengthening our ways of working (behaviours and practices) is ongoing to ensure flexible working supports performance and wellbeing at the levels of the individual, team and organisation. In addition, we encourage people to take annual leave in the year it is accrued and manage their hours to maintain wellbeing.

Functional element: **Remuneration, recognition and conditions**

Our main people policies and practices

Our remuneration policies and frameworks are based on the principle that pay reflects the market and performance - not tenure, cost of living or other personal circumstances. We conduct an annual remuneration review, including comparing our remuneration ranges to public sector and other organisations' market data.

We continue to monitor our gender, Māori, Pacific and ethnic pay gaps and address concerns as and where needed to ensure equitable pay outcomes across Waka Kotahi.

We endeavour to make our job evaluation and remuneration practices transparent, equitable and gender neutral.

Recognition is encouraged, and we use a variety of ways to celebrate success and recognise people publicly and privately.

Functional element: **Harassment and bullying prevention**

Our main people policies and practices

We are committed to maintaining a safe working environment for all our people by fostering a culture of mutual respect, trust, dignity and security. Ensuring the psychological safety of our people is paramount to this. We offer free counselling support in partnership with EAP Services and encourage staff to speak up using confidential reporting channels such as Kōrero Mai.

Our new confidential reporting tool for 'sensitive events' (within Kōrero Mai) makes it easier for people to report concerns confidentially and earlier. This approach will support earlier intervention and a case management approach to ensure appropriate and consistent approaches to staff welfare.

We work collaboratively with unions to better understand workplace issues and provide tools and support for our people dealing with, or affected by, unacceptable behaviour.

We have bullying and harassment and sexual harassment policies and an online learning module to support employee understanding of these policies.

Every year we celebrate Pink Shirt Day, an antibullying campaign that celebrates diversity and promotes environments where everyone can feel safe, valued and respected.

Functional element: **Safe and healthy environment**

Our main people policies and practices

We continue to implement the work outlined in our Health, Safety and Wellbeing Strategy. We have a single focus on ensuring our people, partners and community are safe and well.

Our systems, expectations, programmes and culture continue to be refined, driven and monitored to ensure we go beyond compliance and build a culture that shows we care. A substantial work programme is under way to mature and simplify our health, safety and wellbeing management system, which includes the implementation of policies, procedures, guidance, and tools and forms.

We have committed to the SafePlus programme and completed the internal assessment where we achieved a 'performing' rating. We seek to improve on this with a 'leading' rating but recognise this will take several years and a significant amount of work to shift the culture across all leaders, staff and partners.

A health and safety improvement plan has been developed and aligned with each business group, covering identified gaps and addressing existing needs to improve health and safety.

Five critical risks have been identified and had specific workplans and cross-agency groups developed to mitigate and manage them. The five risk areas are: harmful interactions, roadside work, construction work, driving, and mental health or psychological harm.

We work closely with our construction industry partners to improve health and safety practices and outcomes for contractors and traffic management providers. With construction and roadside work identified as two of our highest areas of risk, we are focused on engaging our contractors and delivery partners, for example, through our Safety Spotlight newsletter, industry engagement mtgs and updates to reporting processes.

Regular webinars are facilitated by motivational speakers, coaches and doctors who specialise in employee mental health and wellbeing.

Appendix 6: Governance report (unaudited)

Functions and operations

The Waka Kotahi Board is the governing body of Waka Kotahi with authority to exercise its powers and perform its functions. All decisions relating to Waka Kotahi operations must be made by or under the Board's authority.

The Board is appointed by and accountable to the Minister of Transport and responsible for Waka Kotahi:

- acting consistently with its objectives and functions
- carrying out its functions efficiently and effectively
- operating in a financially responsible manner.

Our objective is to undertake our functions in a way that contributes to an effective, efficient and safe land transport system in the public interest.

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

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

Membership

The Minister of Transport may appoint up to nine members to the Board. Board members are appointed for a period of up to three years, which may be extended. The Board appoints members to its four standing committees (listed below).

Disclosure of interests

Before being appointed to the Board, potential members must disclose all interests to the Minister of Transport. Following their appointment, Board members must disclose all interests as soon as practicable. A register of interests is kept and provided to the Board at each scheduled Board meeting.

Delegations

The Board operates through delegation to the Chief Executive. The Chief Executive with the Executive Leadership team are charged with the day-to-day leadership and management of Waka Kotahi. Our Chief Executive sub-delegates authority to the Executive Leadership team and others within specified financial and non-financial limits. Formal policies and procedures govern the parameters and operation of these delegations.

Board performance

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

Insurance and indemnities

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

Risk management

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

In accordance with the International Organization for Standardization's standard 31000 2018, effective risk management is achieved through a structured and consistent approach and activities outlined in the risk management framework and applied across the organisation to assess, treat, monitor, review, record and report risk.

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

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

Key strategic financial and non-financial risks are owned by executive and senior leadership and fall into 11 broad categories:

- Health, safety and wellbeing
- Programme management and governance
- Road Safety Outcomes
- Critical Assets
- Cyber and Information Security
- People and Capability
- Sustainable Funding
- Climate Change
- Stakeholders and partnerships
- Technology systems
- Regulatory.

Board committees

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

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

Table 12 shows attendances at committee meetings by committee members. Board members who are not committee members can attend committee meetings; those attendances are not shown in the table.

Table 12 - Board and committee attendance for the year to 30 June 2023

	Regular Board meetings	Special Board meetings	Risk and Assurance Committee meetings	Regulatory Committee meetings	Investment and Delivery Committee meetings	People, Culture and Safety Committee meetings
Total meetings held	8					
Dr Paul Reynolds ^A	3					
Cassandra Crowley ^{B D}	7	2	5		7	
Catherine Taylor ^{C E}	8	1		8		5
David Smol ^C	6			8		
Patrick Reynolds ^{C D}	8			8	8	
Victoria Carter ^{B E}	8	1	5			5
John Bridgman ^D	8	2			8	
Hon Tracey Martin ^{B D}	7		4		8	
Ngarimu Blair ^{B C E}	5			3		
Sir Brian Roche	4	2	2		4	

^A Appointed as the Board chair on 1 February 2023.

^B Member of the Risk and Assurance Committee, chaired by deputy board chair Cassandra Crowley.

^C Member of the Regulatory Committee, chaired by Catherine Taylor.

^D Member of the Investment and Delivery Committee, chaired by John Bridgman.

^E Member of the People, Culture and Safety Committee, chaired by Victoria Carter.