



Pūrongo ā tau
2021 – 2022 | Annual
Report 2021 – 2022



A night landscape featuring a starry sky with the Milky Way visible. The foreground shows a body of water reflecting the stars, surrounded by grassy fields and hills in the distance.

**Hāpaitia ana ngā
tāngata o Aotearoa
kia eke**



**Enabling
New Zealanders
to flourish**



Whangaia ka tupu,
ka puawai] That which
is nurtured will grow
and blossom

Find out more at hei-arataki.nz

UARA
OUR VALUES



WHAKAPAKARI
IMPROVING OUTCOMES



AKO
CAPABILITY DEVELOPMENT



MAHI TAHI
WORKING TOGETHER



RANGATIRATANGA
EMPOWERING
AND LEADING



KAITIAKITANGA
GUARDIANSHIP AND
PROTECTION



WHANAUNGATANGA
COLLABORATION
AND UNITY



MANAAKITANGA
CARING FOR AND
VALUING OTHERS

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INTRODUCTION

He Kupu Whakataki ā te Tumu Whakarae – Noho Tārewa | Acting Chief Executive's introduction

Tēnā koutou katoa.

Delivering a transport system that enables New Zealanders to flourish is central to the work Te Manatū Waka does every day. A safe and well functioning transport system improves the wellbeing of those who use it, increases liveability across the country and enables social and economic growth. This is the transport system we want and need here in Aotearoa.

Over the past year Te Manatū Waka has increased our focus on looking to the future of all modes of transport and how the system can be strengthened to meet the needs of the generations to come.

Transport has a major role to play in minimising the effects of climate change through emissions reduction, for land, sea, or air travel. This year we published the first national Emissions Reduction Plan (ERP) for Aotearoa which outlines the targets and actions needed to achieve a 41% reduction in transport emissions by 2035. It's an ambitious target and we're working with transport agencies, local government, Māori and communities across Aotearoa to get there.

The annual Road to Zero monitoring report, prepared jointly with Waka Kotahi and NZ Police, was released in July this year. The report confirms the road safety strategy is on track to meet its target of reducing deaths and serious injuries by 40% by 2030. This is an ambitious goal, and one that requires commitment and collaboration between our three entities. Regular monitoring and reporting will continue to be vital as we track progress towards our 2030 target.

In our role as transport's system lead we are hosting the new Auckland Light Rail delivery entity as part of the Ministry until later this year. For the residents of Tāmaki Makaurau, this will be one of the largest infrastructure projects and one of generational significance. Putting this support in place has been a huge effort across many teams within the Ministry.

We've been leading the development of the New Zealand freight and supply chain strategy which seeks to identify what is needed to optimise the system for the coming decades. Over the next 30 years, New Zealand's freight and supply chain system will play a crucial role in the transport sector's transformation to a low carbon future. We spoke with over 140 sector stakeholders to prepare a draft freight and supply chain issues paper and we'll continue to engage across government and with industry as we develop the strategy.

Last year we started work on the enactment and implementation of the Civil Aviation Bill. Over the last 30 years since the Civil Aviation Act 1990 came into force, the aviation, regulatory and security environments have drastically changed. The implementation programme for the incoming Act needs to ensure that the transition is timely, clear, and suited to advances in technology. This is a significant piece of work for Te Manatū Waka and the wider aviation sector.

We continue to strive to meet the expectations of Te Tiriti at Te Manatū Waka. Ensuring Māori can thrive in our transport system is important, which is why we have focused on lifting our Māori capability in recent years. We've developed He Waka Maiangi, which is creating a stronger evidence base to inform how transport policy and planning can be improved to deliver better outcomes for Māori, now, and in the future.

Te Manatū Waka worked on many pieces of the puzzle for the government's COVID-19 response, notably our involvement in the Maintaining International Air Connectivity scheme. The pandemic continues to have impacts on our daily lives and across the transport system. I would like to express my thanks to those who have contributed so much to this work over the past couple of years.

In June we were sad to bid farewell to our Chief Executive of six years, Peter Mersi, who left the Ministry to become Commissioner and Chief Executive at Inland Revenue. We all wish him the very best in his new role.

Over the past year the dedication and adaptability of the teams in the Ministry have shown how we look after the transport sector. Each year, everyone puts their best foot forward, and this year has been no different. The work we do is vital for New Zealanders, and it is great to see everyone playing their role.

Ngā mihi



Bryn Gandy

Acting Chief Executive, Ministry of Transport



INTRODUCTION

Ka Pēhea ā Mātou Hohenga e Āwhina ana i a Mātou ki te Whakaputa i ō Mātou Whakaarotau Rautaki | How our Actions Helped us to Deliver on Our Strategic Priorities



Priority 1: **Enable transport to continue to effectively respond to, and recover from, COVID-19**

This year we:

- administered the Managing International Air Connectivity and Essential Transport Connectivity schemes
- supported the Government's Reconnecting New Zealanders and Maritime Border work programmes
- provided guidance to transport providers for changes in the government's COVID-19 settings
- coordinated the readiness and response effort of the wider transport system.



Priority 2: **Start to decarbonise the transport system**

This year we:

- finalised the transport chapter of New Zealand's Emissions Reduction Plan
- commenced a range of actions to implement the Emissions Reduction Plan
- saw the full implementation of the Clean Car Discount Scheme (exceeding all expectations in terms of its effect in encouraging a shift to lower emissions vehicles)
- initiated work on an industry-government partnership on aviation decarbonisation.



Priority 3: **Improve road safety**

This year we:

- introduced a new approach to tackling unsafe speeds
- enhanced drug-driver testing
- commenced a review of road safety penalties
- strengthened governance arrangements for the inter-agency Road to Zero programme.



Priority 4: Support liveable cities

This year we:

- worked with ATAP partners to develop a transport outcomes framework for Tāmaki Makaurau
- supported the development of a transformational transport programme option for Wellington
- contributed to the Government's wider Resource Management Act reform work programme
- continued to progress our Congestion Charging initiative.



Priority 5: Strengthen New Zealand's supply chains

This year we:

- released the National Freight & Supply Chain Strategy Issues Paper as part of our work to develop New Zealand's first Freight & Supply Chain Strategy
- prepared successful Budget 2022 proposals to deliver a reliable and resilient heavy rail network
- developed and implemented a new track user charge
- commissioned Deloitte to undertake an independent review of the system factors that contributed to Rolling Contact Fatigue on the Auckland rail network.



Priority 6: Enable emerging aviation technologies

This year we:

- continued to lead the development of a safe and innovative aviation sector, by leading the cross-agency regulatory work programme to enable drone integration
- supported the development of the New Zealand Aerospace Strategy.

Section 1

Te Manatū Waka | The Ministry of Transport



To mātou horopaki – Te rāngai tū waka ā Te Kawanatanga o Aotearoa | Our Context – The New Zealand Government Transport Sector

The New Zealand Government Transport Sector

Minister of Transport and Associate Ministers of Transport



The Ministry of Transport provides impartial, expert advice to the Government to help it meet its objectives for transport. This includes advice on legislative, regulatory and policy settings, funding levels and priorities, and Crown agency governance, performance and accountability. The Ministry also represents the Government's transport interests internationally.



Civil Aviation Authority

Establishes and monitors civil aviation safety and security standards, carries out air accident and incident investigations, and promotes aviation safety and personal security.

Aviation Security Service

Provides aviation security services for international and domestic air operations, including airport security, and passenger and baggage screening.



Maritime New Zealand

Promotes commercial and recreational vessel safety, marine environment protection standards, and monitors port and ship security.

Controls entry to the maritime system, through granting of maritime documents and inspection of ships, and advises on international conventions. Investigates maritime accidents and coordinates category II search and rescue. Provides oil spill preparedness and response, navigation aids and the distress and safety radio communications system.



Waka Kotahi

Allocates funding for land transport infrastructure and services through the National Land Transport Programme.

Manages access to the transport system through driver and vehicle licensing, vehicle inspections and rules development.

Provides land transport safety and sustainability information and education.

Manages the state highway network, including maintenance, improvements and operations activities.



Transport Accident Investigation Commission

Investigates significant air, maritime and rail accidents and incidents, to determine their cause and circumstances, so that similar occurrences are avoided in future.



City Rail Link Limited

Full governance, operational and financial responsibility for the Auckland City Rail Link, with clear delivery targets and performance expectations.

Established on 1 July 2018 as a Schedule 4A company under the Public Finance Act. It is jointly owned by the Crown and the Auckland Council.

Three State-owned enterprises with transport functions

Airways Corporation of New Zealand Limited

Provides air navigation and air traffic management services on a commercial basis. It is also responsible for air traffic services in 28.8 million square kilometres of international airspace managed by New Zealand.

Meteorological Service of New Zealand Limited (MetService)

Provides public weather forecasting services and meteorological information for international air navigation under contract to the Civil Aviation Authority.

KiwiRail Holdings Limited (trading as KiwiRail Group)

Manages the rail and ferry businesses owned by the New Zealand Government.

Local government

Local authorities own, maintain and develop New Zealand's local road network and perform important regulatory transport functions. Local government funds land transport infrastructure and public transport services alongside central government, and is responsible for transport planning and land use planning. Some local authorities own seaports and airports, or share ownership with the Crown.

New Zealand Police

Provides road policing services, including speed management, drink/drugged driving enforcement, seatbelt enforcement, a visible road safety presence and commercial vehicle investigation. Also provides maritime patrol units.

To mātou mahere rautaki | Our Strategic Framework

Our Strategic Framework helps explain how we deliver on our ultimate purpose – Hāpaitia ana ngā tāngata o Aotearoa kia eke – Enabling New Zealanders to flourish. It helps us to see where we are heading and how we will get there.

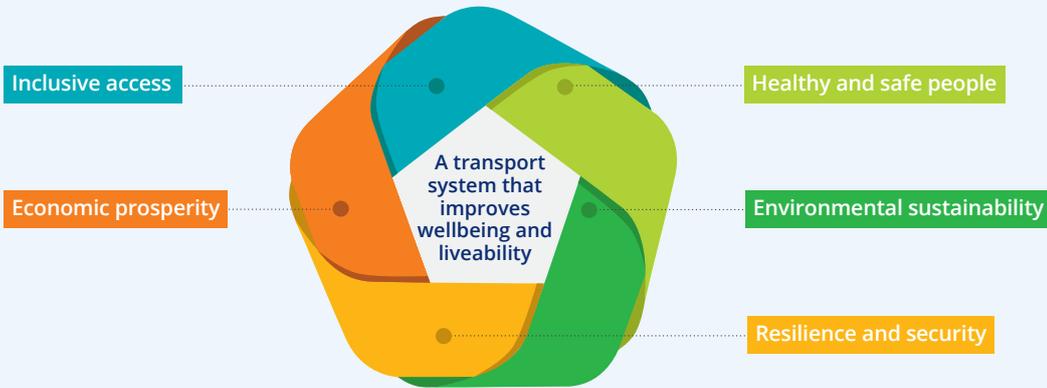
At the heart of our purpose is people. Transport touches people's lives in many ways and directly affects our wellbeing. It provides people with access to social and economic opportunities and plays a critical role in supporting the productivity of our economy.



Our Purpose

Hāpaitia ana ngā tāngata o Aotearoa kia eke | Enabling New Zealanders to flourish

Our Vision



Our Role

We are the Government’s system lead on transport

Our Key Functions

Policy advice	Crown entity governance	System leadership and stewardship
---------------	-------------------------	-----------------------------------

Our Work

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • Leading system direction and strategy • Shaping regulatory stewardship mechanisms | <ul style="list-style-type: none"> • Monitoring and evaluating system and government agency performance • Influencing to achieve broader government outcomes | <ul style="list-style-type: none"> • Driving revenue raising and investment choices • Influencing the development of international standards |
|--|--|--|

Our Strategic Focus Areas



Our Work

- | | | |
|-----------------------------|------------------------------------|------------------------------|
| • Government work programme | • Focus-area-specific deliverables | • Organisational foundations |
|-----------------------------|------------------------------------|------------------------------|

Our Values

- | | | |
|------------------|-----------------------------|-----------------------------------|
| • He Māia Bold | • Kei Roto Mātau Invested | • He Mahi Ngātahi Collaborative |
|------------------|-----------------------------|-----------------------------------|

TE MANATŪ WAKA – THE MINISTRY OF TRANSPORT

Our vision and the transport outcomes

Our vision is for a transport system that improves wellbeing and liveability. This is the central aim of the transport outcomes framework.

Our vision is supported by the five transport outcomes that support our vision: resilience and security, economic prosperity, inclusive access, healthy and safe people and environmental sustainability.

The outcomes framework is enduring and directly links to the broader living standards framework developed by The Treasury.

Our role, work and functions

The Ministry's role is to be "The Government's System Lead on Transport".

As the government's principal adviser on transport policy, the Ministry advises government on all issues relating to transport and the regulatory framework that supports it. We also advise the government on the funding and governance of the transport Crown entities. Transport has implications for social, environmental, and economic issues, and so we have an important role in wider government discussions where these relationships are most pronounced.

The Ministry has three key functions:

- **Policy advice:** The government will invest almost \$40 billion in transport over the next decade. The Ministry enables the government to align its investment decisions and objectives in order to maximise its return. Through this function, the Ministry also facilitates more open and efficient markets, and mitigates the safety and environmental harms that the system creates through regulatory design

- **Crown entity governance:** The transport Crown entities are the government's key regulators in the transport system. The Ministry supports Ministers to appoint Boards and set expectations for the Crown entities, and the Ministry monitors actual performance to support the relationship between Ministers and Boards
- **Sector leadership and stewardship:** The Ministry leads the transport agencies in sector-wide coordinated action and engages with the sector to develop a shared future direction for the transport system. Through its stewardship role, the Ministry looks ahead to better understand the factors that might influence transport over the next 20 to 30 years.

Our values

Our values represent what the Ministry of Transport stands for, they capture the behaviours and characteristics we value, and expect everyone in the Ministry to model on a day-to-day basis.

- **He Māia. Bold:** We step up to challenge difficult issues, provide free and frank advice, and have the flexibility to change our approach or position if needed. We understand that sometimes our decisions won't be popular but we clearly articulate our rationale and adapt our delivery to give our advice the best chance of success
- **Kei Roto Mātau. Invested:** We know our purpose and strive to make a difference, take pride in our work and hold ourselves accountable for delivering high quality outputs. We ensure our work is robust and thoughtful through the questions we ask and the people we involve
- **He Mahi Ngātahi. Collaborative:** To make the biggest difference we maintain and grow strong relationships. We show we respect others, are open for business and connected to those around us. We invest energy to ensure we involve the right groups and actively seek opportunities to share our thinking.

\$40b

The government will invest almost \$40 billion in transport over the next decade

Section 2

Te manakohanga putanga
kawenga o ngā Kaupapa
matua o Te Manatū |
The Ministry of
Transport's Outcomes



Te tutuki i tō mātou moemoeā | Achieving our vision

We understand how our vision for the transport system is being achieved though the five long-term outcomes and the Transport Indicators that underpin them.

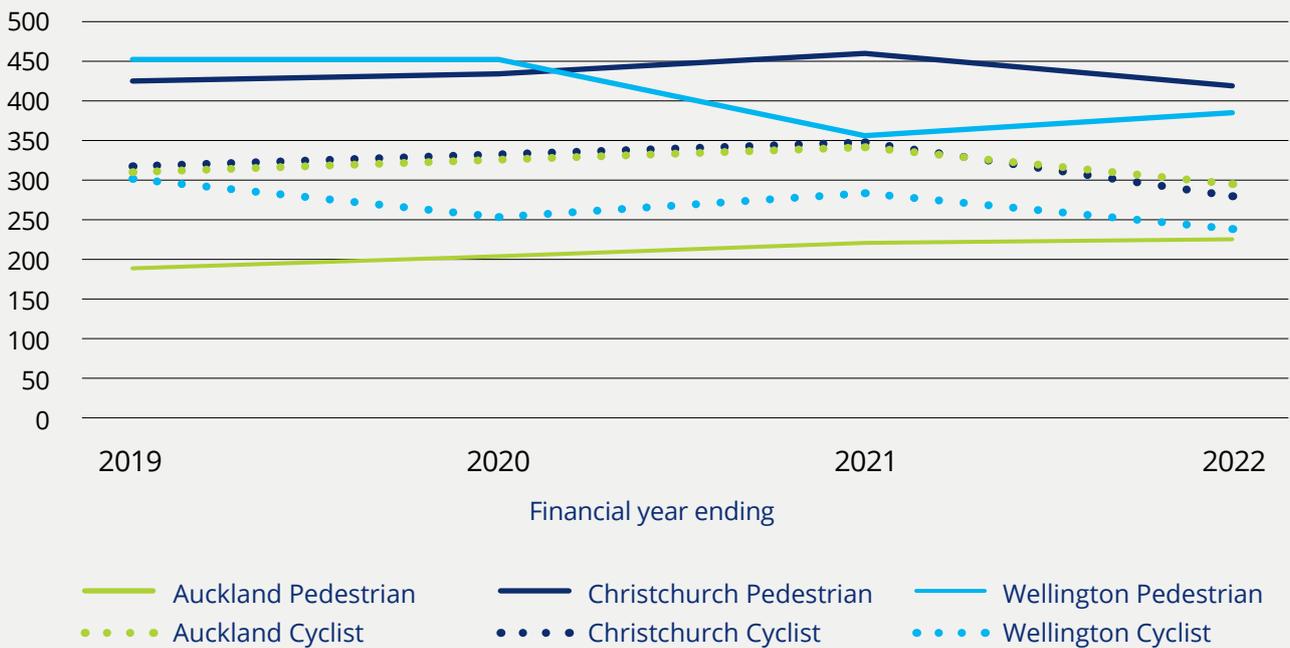
Our vision is for the transport system to improve wellbeing and liveability for all New Zealanders. The transport system can do this through achieving five inter-connected outcomes: inclusive access, healthy and safe people, economic prosperity, environmental sustainability and resilience and security.

We use the Transport Indicators to help us quantify and measure progress towards improving wellbeing and liveability for all New Zealanders. There are more than 30 indicators and they are published on our website. As well as publishing headline data, we also publish a data sheet to enable interested parties to undertake their own analysis, and form their own views about how the transport system is performing.

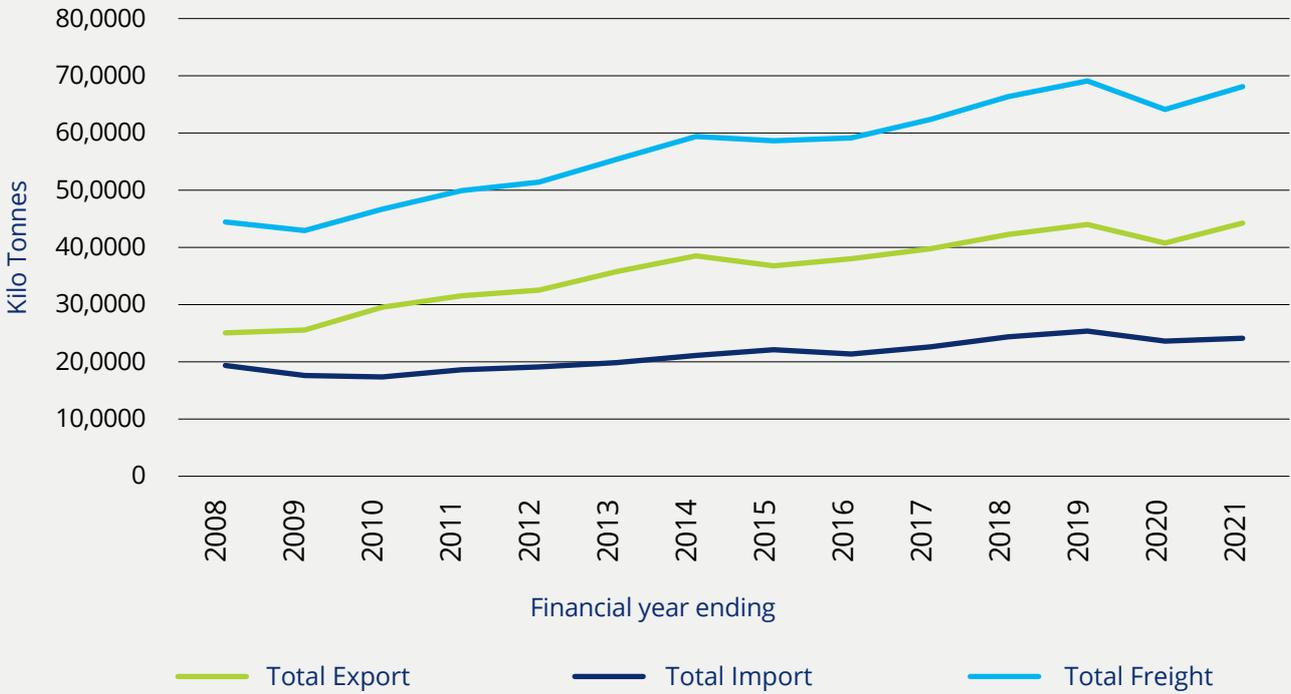
The Ministry uses the Transport Indicators to both understand how the system is performing and help us to identify areas where further policy work can be beneficial (our work contributes to the indicators).

The Transport Indicators provide a high-level view of what the Ministry is working to achieve in the longer-term. Key indicators for the Ministry include:

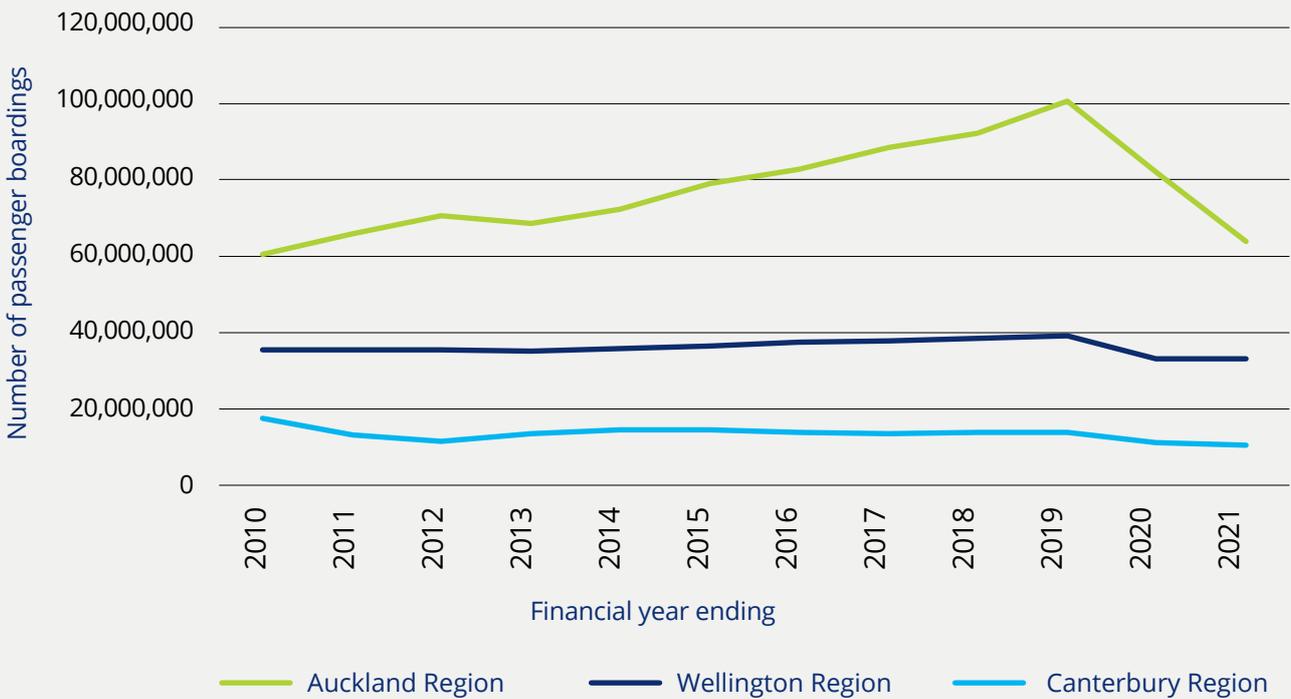
Daily average count per station



Import/export movements by financial year

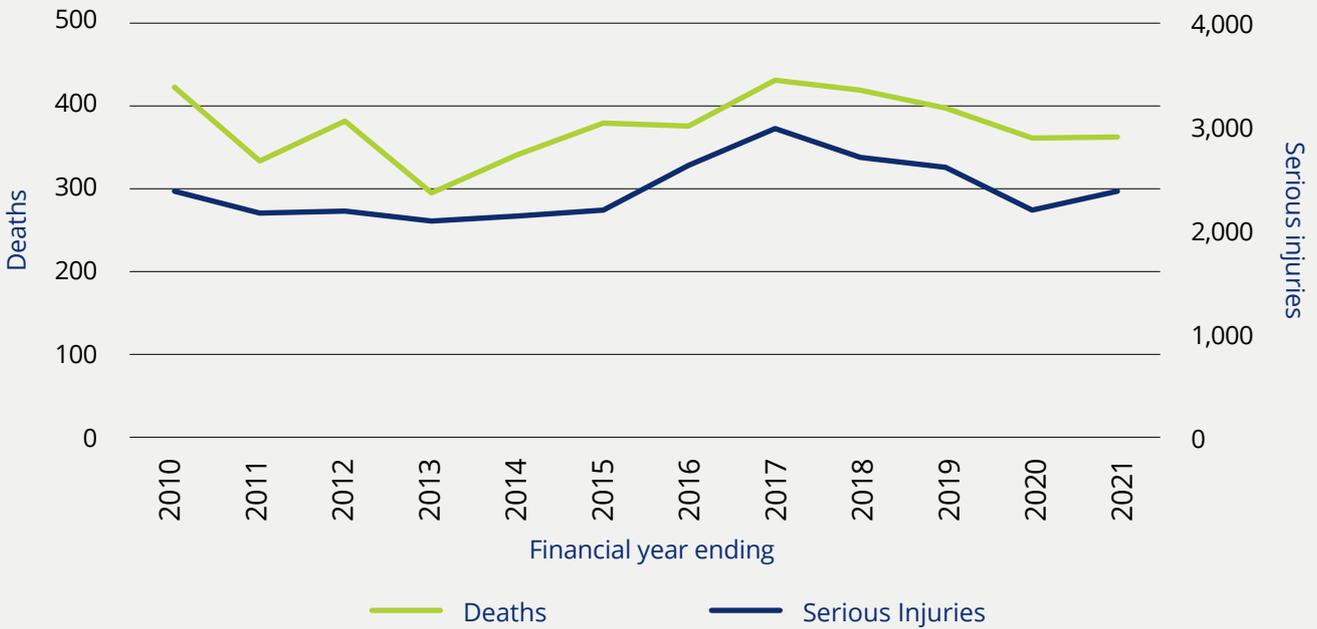


Public transport boarding

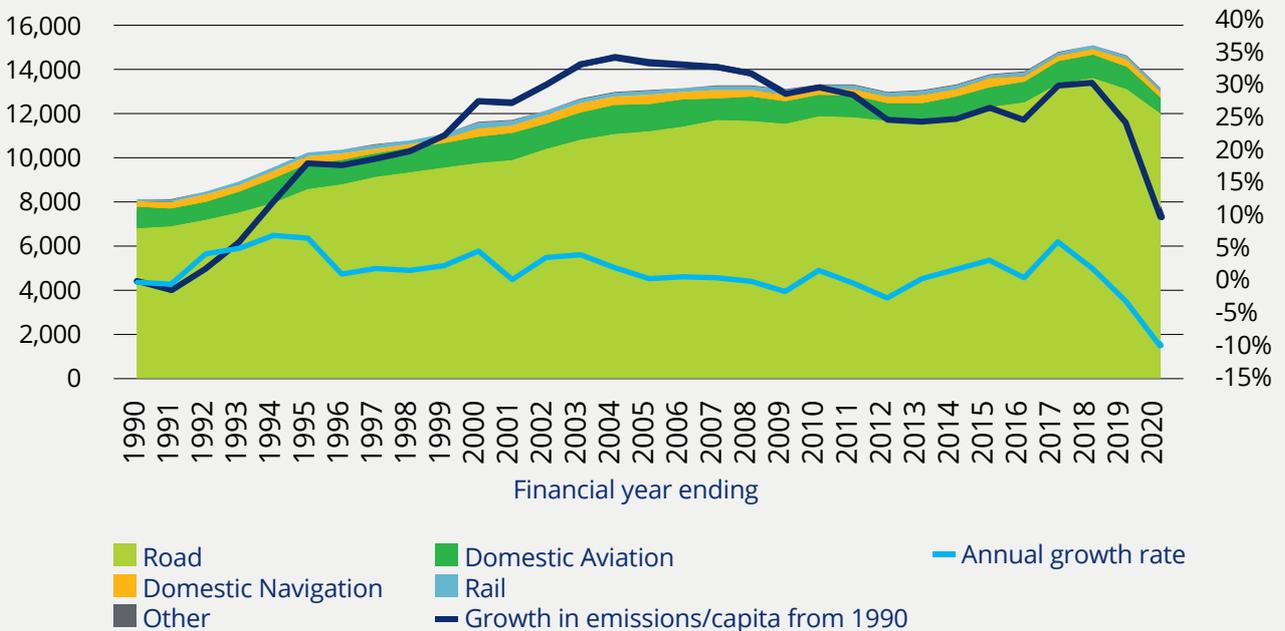


THE MINISTRY OF TRANSPORT'S OUTCOMES

Deaths and Serious Injuries by all transport modes



Carbon dioxide equivalent emissions (kt of CO₂-e) from domestic transport¹



¹ New Zealand's Greenhouse Gas Inventory is the official annual report of all anthropogenic emissions and removals of greenhouse gases (GHGs) in New Zealand. It is compiled by the Ministry for the Environment and this graph is a summary of the transport data that the Ministry has extracted from the Greenhouse Gas Inventory. There is a level of inherent uncertainty in reporting greenhouse gas emissions. The scientific knowledge and methodologies to determine emissions factors and the processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards. The full disclosure on the New Zealand Greenhouse emissions, including inventory uncertainties, methodologies and assumptions used in the calculation, are included in the NZ latest inventory report: New Zealand's Greenhouse Gas Inventory 1990–2020 | Ministry for the Environment. Emissions estimates across the entire time series are, at certain points in time, recalculated due to improvements introduced to the inventory.

Te whakaputa i ō mātou whāinga rautaki pae tawhiti nā te kaneke whakamua o ō mātou whakaarotau rautaki | Delivering on our long-term strategic objectives by progressing our Strategic Priorities

Our Strategic Priorities

The Ministry's six Strategic Priorities enable us to focus our efforts on the areas where we can make the most difference for the lives of New Zealanders and achieve our strategic priorities. Our six Strategic Priorities are to:



Priority 1:

Enable transport to continue to effectively respond to, and recover from, COVID-19



Priority 2:

Start to decarbonise the transport system



Priority 3:

Improve road safety



Priority 4:

Support liveable cities



Priority 5:

Strengthen New Zealand's supply chains



Priority 6:

Enable emerging technologies

Our Strategic Priorities have direct linkages to our long-term strategic objectives and delivering against our Priorities means we are delivering against our long-term strategic objectives.

A Strategic Priority can contribute to more than one of our long-term strategic objectives. Similarly, a key programme under one Strategic Priority, can also contribute to other Strategic Priorities.

➤ **A Strategic Priority can contribute to more than one of our long-term strategic objectives. Similarly, a key programme under one Strategic Priority, can also contribute to other Strategic Priorities.**

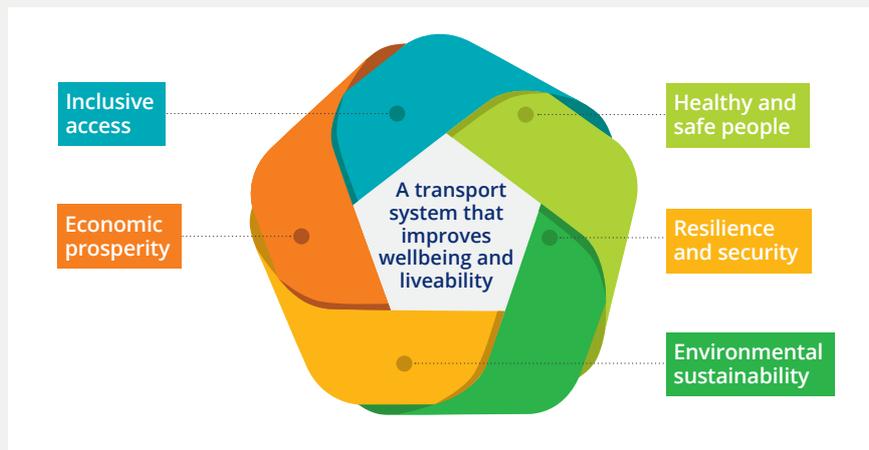


Section 3

Ā Mātou
Whakaarotau
Rautaki e Ono |
Our Six Strategic
Priorities



The Ministry's vision and long-term strategic objectives.



The Ministry's Strategic Priorities provide the shorter-term focus, that enables us to make progress towards our vision and long-term objectives.

A Strategic Priority can contribute to one or more of the Transport Outcomes.

-  **Priority 1:** Enable transport to continue to effectively respond to, and recover from, COVID-19
-  **Priority 2:** Start to decarbonise the transport system
-  **Priority 3:** Improve road safety
-  **Priority 4:** Support liveable cities
-  **Priority 5:** Strengthen New Zealand's supply chains
-  **Priority 6:** Enable emerging technologies

Each of our strategic priorities are underpinned by a range of key programmes.

Key Programmes 2021-25 and Other Initiatives

Key programmes and other initiatives can contribute to more than one priority.

Appropriations and other funding

Our appropriations and other funding provide us with the resources to undertake our work programmes.

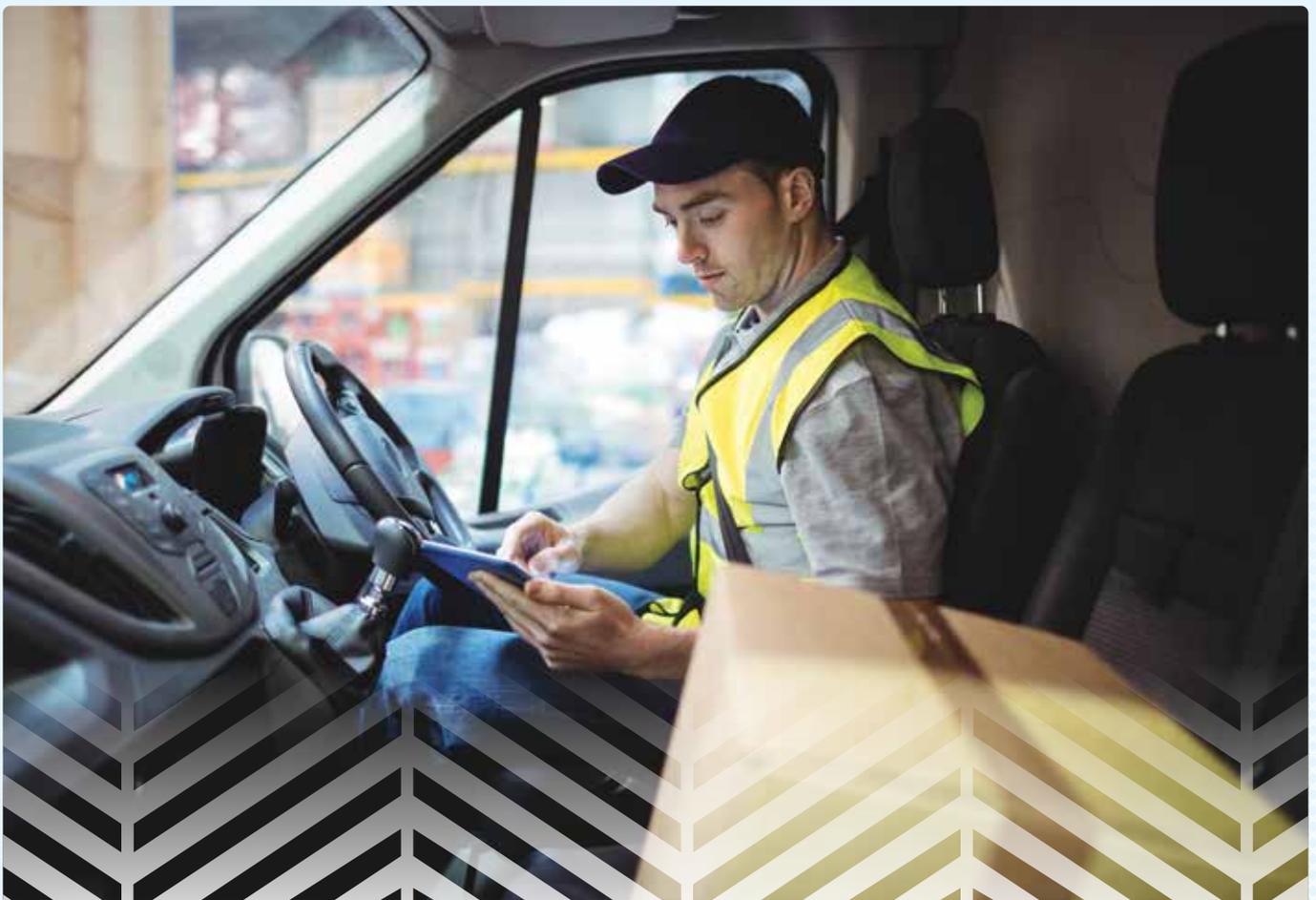
OUR SIX STRATEGIC PRIORITIES

Ko tā mātou i whakatauria ka tutuki i ō mātou Takune Rautaki 2021-2025... | What we said we would do in our Strategic Intentions 2021-2025...

In our Strategic Intentions 2021-2025, we set out our key programmes and broader work areas that we expected to undertake to advance our six Strategic Priorities.

The six priorities and key programmes are set out below, along with a graphic that shows whether the key programmes were progressed or completed in 2021/22. Our Strategic Intentions cover a four year time horizon and we intend to update the graphic in future annual reports to show how the key programmes have been progressed over time.

Pages 22 to 37 provide more detailed information on the work we have undertaken to progress our key programmes in 2021/22.



Status of key programmes in 2021/22

	● Not Progressed	● Progressed	● Completed	2021/22	2022/23	2023/24	2024/25
Priority 1: Enable transport to continue to effectively respond to, and recover from, COVID-19							
Maintain essential domestic connectivity		●					
Maintain essential international connectivity		●					
Public transport		●					
Priority 2: Start to decarbonise the transport system							
Develop transport chapter for Emissions Reduction Plan			●				
Implement transport chapter of Emissions Reduction Plan		●					
Encourage uptake of low and zero emissions vehicles		●					
Lower emissions in aviation and maritime		●					
Priority 3: Improve Road Safety							
Complete the Ministry's actions under the Road to Zero Action Plan		●					
Develop the second Action Plan		●					
Ensure effective governance over Road to Zero programme			●				
Deliver annual monitoring reports		●					
Priority 4: Support liveable cities							
Auckland Transport Alignment Project		●					
City Specific Programmes		●					
Resource Management Act Reform		●					
Public Transport Operating Model		●					
Community Connect		●					
Review of the Total Mobility Scheme		●					
Priority 5: Strengthen New Zealand's Supply Chains							
Develop National Freight and Supply Chain Strategy		●					
Implementing the Future of Rail Review		●					
Priority 6: Enable Emerging Aviation Technologies							
Drone integration		●					
Support the development of New Zealand's Aerospace Strategy		●					

OUR SIX STRATEGIC PRIORITIES

Ka pēhea ā mātou hōtaka mahi matua e hōrapa atu ana ki ō mātou whakaarotau rautaki | How our key work programmes contribute across our six strategic priorities

Key work programmes	Priority					
	1	2	3	4	5	6
Priority 1: Enable transport to continue to effectively respond to, and recover from, COVID-19						
Maintain essential domestic connectivity	●					
Maintain essential international connectivity	●				●	
Public transport	●	●	●	●		
Priority 2: Start to Decarbonise the Transport System						
Develop transport chapter for Emissions Reduction Plan		●				
Implement transport chapter of Emissions Reduction Plan		●				
Encourage uptake of low and zero emissions vehicles		●				
Lower emissions in aviation and maritime		●				
Priority 3: Improve Road Safety						
Complete the Ministry's actions under the Road to Zero Action Plan			●	●	●	
Develop the second Action Plan			●	●	●	
Ensure Effective governance over Road to Zero programme			●			
Deliver annual monitoring reports			●			

OUR SIX STRATEGIC PRIORITIES

Key work programmes	Priority					
	1	2	3	4	5	6
 Priority 4: Support Liveable Cities						
Auckland Transport Alignment Project	●	●	●	●	●	
City Specific Programmes				●		
Resource Management Act reform		●		●	●	
Public Transport Operating Model			●	●	●	
Community Connect			●	●	●	
Review of the Total Mobility Scheme				●		
 Priority 5: Strengthen New Zealand's Supply Chains						
National Freight and Supply Chain Strategy	●	●			●	
Implementing the Future of Rail Review		●			●	
 Priority 6: Enable Emerging Aviation Technologies						
Drone integration		●			●	●
Support the development of New Zealand's Aerospace Strategy	●	●				●



Priority 1:

Enable transport to continue to effectively respond to, and recover from, COVID-19

We continued to deliver the Maintaining International Air Connectivity and Essential Transport Connectivity schemes.

The Maintaining International Air Connectivity (MIAC) scheme has provided **\$475.088 million in funding** to international airlines so that supply chains continued to be available to Kiwi importers and exporters, allowing for **\$11.599 billion in trade** to occur.

Since its establishment the ETC has provided **\$19.5 million in funding** to domestic transport operators, and **~230,000 people** have utilised the supported services.

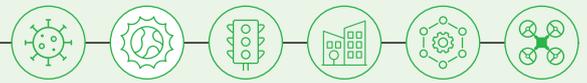
Under Priority 1 we continued to deliver the Maintaining International Air Connectivity and Essential Transport Connectivity schemes, supported the Government's Reconnecting New Zealanders and Maritime Border work programmes, provided guidance to transport providers consistent with changes in the government's COVID-19 settings, and coordinating the readiness and response effort of the wider transport system.

➤ **Demand for COVID-19 work reduced during the year and we were able to focus on other priorities.**

Despite this pivot, the Ministry has fulfilled its central role in ensuring that the transport system's response to the COVID-19 global pandemic remains effective and that it positions the sector and Aotearoa for a strong recovery.

Some of these programmes include:

Maintain essential domestic connectivity	The Ministry continued to administer the Essential Transport Connectivity Scheme. This provided \$25m of subsidies to maintain essential transport services and connections in New Zealand. The scheme supported 16,500 services during the year and enabled the movement of more than 225,000 passengers.
Maintain essential international connectivity	The Ministry continued to administer the Maintaining International Air Connectivity and International Air Freight Connectivity Schemes. This provided more than \$800m of subsidies and supported more than 14,000 international flights to and from New Zealand. The flights carried more than 282,000 tonnes of freight with an estimated economic value in excess of \$22 billion. The flights also carried 370,000 passengers.
Public transport	The Ministry contributed to advice from the Department of Prime Minister and Cabinet and the Ministry of Health around domestic COVID-19 settings on public transport, including face covering/mask use, vaccine mandates, use of QR codes, and other advice on settings under different alert levels and traffic lights. We also supported communication of these settings and responded to queries from stakeholders relating to these settings.
Other COVID-19 related work	<p>As part of our broader COVID-19 work programme we also:</p> <ul style="list-style-type: none"> • Led the operational readiness work in collaboration with border agencies to support the reopening of the maritime border • Contributed to policy advice and engaging with stakeholders as part of the all-of-government work to reopen the air border in a staged manner • Contributed to policy advice on COVID-19 settings at the border (e.g. border worker vaccination and testing) and working with the transport sector to ensure that these settings are well understood and are able to be effectively implemented • Contributed to policy advice on COVID-19 settings domestically and working with the transport sector to ensure that these settings are well understood and are able to be effectively implemented • Contributed to policy advice on the establishment of the trans-Tasman quarantine free travel scheme in the second half of 2021 • Contributed to policy advice on the vessel management framework that enables the safe loading and unloading of commercial shipping when there are suspected COVID cases on board, in order to minimise disruptions to port congestion and the supply chain.



OUR SIX STRATEGIC PRIORITIES

Priority 2: Start to decarbonise the transport system

Te Manatū Waka developed the policy for the **Clean Car Discount Scheme**. This programme makes electric vehicle ownership a more affordable outcome for the people of Aotearoa. Electric vehicles are cleaner and more affordable to run, and reduce the significant harm caused by air and noise pollution.

The Emissions Reduction Plan sets out the pathway for a 41% reduction in domestic transport carbon emissions by 2035. With transport being responsible for 43% of New Zealand’s domestic carbon emissions, a significant shift was needed across all aspects of the transport system.

➤ **Our key focus was on developing the Emissions Reduction Plan and we are now working on the Action Plan and implementation strategies.**

Under Priority 2 the Ministry has taken a strategic and system-wide approach to the reduction of emissions to 2035.

In 2021/22, the Ministry progressed a range of initiatives to facilitate a long-term move to decarbonise the transport system, including:

We finalised the transport chapter of the Emissions Reduction Plan, and saw the full implementation of the Clean Car Discount Scheme. We also initiated work on an industry-government partnership on domestic aviation decarbonisation.

Develop transport chapter for Emissions Reduction Plan

The Emissions Reduction Plan was published in May, including a comprehensive set of sector targets and actions to put transport on track for the first emissions budgets.

An implementation plan is now well underway, including the development of mode-shift plans and targets for individual regions.

Implement transport chapter of Emissions Reduction Plan

Implementation of individual initiatives in the ERP is also underway, including:

- Budget 2022 allocated \$350 million for targeted early investment areas, work is underway to allocate this funding in the system to deliver active and public transport improvements in the short term
- Development commenced on mode-shift plans and programmes at the regional level
- Developing pilots of the Social Leasing and Clean Car Upgrade initiatives approved at Budget 2022, with rollout expected from April 2023.

Encourage uptake of low and zero emissions vehicles

Implementation of the Clean Car Discount and Clean Car Standard continues. The Discount is now fully operational and has exceeded all expectations in terms of its effect in encouraging a shift to lower emissions vehicles.

Challenges with the accuracy of vehicle information in the motor vehicle register are being managed as they emerge and are not impeding the overall success of the scheme. Regulations to support the Standard are on track to be completed in 2022, with the emissions targets to be in force from 2023 and expected to encourage the supply of ever cleaner vehicle options to New Zealanders.

Additional work is underway to implement safeguards to ensure that the internal combustion engine vehicles imported to New Zealand have a reduced impact on local air pollution and health. Work was begun in 2022 on regulations to lift the standard that vehicles have to meet for toxic tailpipe emissions (the Euro 6/VI standard).

Lower emissions in the aviation and maritime sectors

For aviation and maritime emissions, we continued to engage at the International Maritime Organisation and International Civil Aviation Organisation. This supports the high ambition on the global effort to price and regulate for emissions and find technical solutions to the challenge of decarbonising shipping and aviation. Domestically, we began work on an industry-government partnership on aviation decarbonisation.

Other work undertaken includes:

A set of sub-national Vehicle Kilometres Travelled (VKT) reduction targets were developed for engagement with road controlling authorities.

An evaluation on mode shift in the Government Policy Statement (GPS) is currently under way (to be completed by December 2022). This evaluation will improve our understanding of how the GPS is supporting mode shift and identify areas where improvements can be made to enhance the impact of GPS 2024.

The Clean Vehicle Discount – inclusive Access to more Sustainable Transport

Getting more Kiwis into clean cars is vital to us achieving our emissions and climate goals; the Clean Vehicle Discount has been a key driver of this change in New Zealand.

Introduced in July 2021, the Clean Vehicle Discount provides people buying a low or zero emissions new or used car with a maximum rebate of up to \$8,625.

This incentive has been an overwhelming success, making cleaner vehicles a more realistic option for more Kiwis.

x3

Since the introduction of the Clean Vehicle discount in June 2021, EV sales have tripled.

For the first time, we are now seeing months where the top selling brand new passenger car of any fuel type produces no emissions. Over \$33 million has been paid in rebates to people who have made the switch.

From 1 April 2022, fees were introduced to make it more expensive to buy high-emissions vehicles. This is intended to encourage people to move to a more environmentally friendly option. This is working; EV purchase rates have risen, and, in the used import market, hybrid sales have grown to be roughly neck and neck with petrol car sales for the first time ever.

Delivering inclusive access to transport is one of the outcomes at the centre of the Ministry's purpose, and the Government's Emissions Reduction Plan also makes helping New Zealanders access low emissions vehicles a priority. The Clean Vehicle Discount is making electric vehicle ownership a more realistic outcome for more Kiwis over time.



Priority 3: Improve road safety

When a crash happens, regardless of cause, the speed of impact is the most crucial factor in whether people survive and avoid serious injury. Te Manatū Waka, working with Waka Kotahi, has developed a new approach through our **Tackling Unsafe Speeds proposals**.

Under Priority 3 the Ministry has delivered and progressed practical initiatives that will improve road safety in Aotearoa. In 2021/22 we worked with our road safety partners to introduce new approaches to tackling unsafe speeds and enhance drug-driver testing, commenced a review of road safety penalties and strengthened governance arrangements for the inter-agency Road to Zero programme.

The Ministry is committed to improving safety on our roads. More than 80% of transport deaths and serious injuries occur on our roads.

➤ **We have focused on strengthening the governance arrangements for the Road to Zero programme to drive better delivery by agencies.**

In 2021, 320 people died on our roads and there were 2,295 serious injuries. The Ministry has an important role in the implementation of the Road to Zero Strategy and Action Plan, and its target to reduce road deaths and serious injuries by 40% by 2030.

The Ministry has progressed a range of initiatives to improve road safety, including:

Complete the Ministry's actions under the Road to Zero Action Plan

The Ministry has made progress on key actions, under the Action Plan in 2021/22, including:

Introduce a new approach to tackling unsafe speeds: We finalised the new regulatory framework for speed management that improves how road controlling authorities plan for, consult on and implement speed management changes [see case study, 'A new approach to the speed management regulatory framework', for more details].

Prioritise road policing: With our road safety partners, we implemented the recommendations from an independent review of road safety investment and delivery, that looked at how road policing activities and safety infrastructure investments are prioritised, delivered and monitored.

Enhance drug driver testing: We developed and supported the passing of the Land Transport (Drug Driving) Amendment Act 2022, which introduces a new compulsory random roadside oral fluid (saliva) testing scheme to detect and deter drugged driving on our roads. The new legislation comes into force in early 2023.

Review road safety penalties: We commenced a review of road safety penalties, with the overall aim to ensure that penalties and enforcement mechanisms support both road safety and equitable outcomes.

Develop the second Action Plan

We commenced work on the development of the next Road to Zero Action Plan, which will cover the calendar years 2023-2025. The Action Plan will represent an evolution of the actions undertaken in the initial plan, ensuring that initiatives that achieve the biggest reductions in the number of people being killed or seriously injured on our roads are prioritised. The new Action Plan is expected to be finalised by late 2022.

Ensure effective governance over the Road to Zero programme

We established more formalised governance, assurance and accountability mechanisms across the Road to Zero programme [see case study, 'A new approach to the speed management regulatory framework', for more details].

Deliver annual monitoring reports

In August 2021, we published the Road to Zero monitoring report for the 2020 calendar year. The monitoring report for the 2021 calendar year was published in July 2022. These reports progress against indicators set out in the Road to Zero Road Safety Strategy's outcomes framework. This helps drive action and hold relevant agencies accountable for the delivery of the Strategy. It also provides a transparent way to assess and review progress on actions and indicate where further effort is needed.

A new approach to the speed management regulatory framework

On average, one person is killed every day on New Zealand roads, and another seven are seriously injured.

It is time we stopped accepting that a certain amount of death and serious injury is just the price we all pay for moving around. People being killed and seriously injured on our roads is preventable.

When a crash happens, regardless of cause, the speed of impact is the most crucial factor in whether people survive and avoid serious injury.

Speed management involves ensuring the speed limit is set based on the design, use, form and function of the road, and risk posed to road users.

Our engagement with Road Controlling Authorities (RCAs) highlighted problems with the current framework for speed management. Local councils faced difficulties planning for, consulting on, and implementing speed management, with confusion around a complex bylaw process that had to be used to set speed limits. The approach was considered costly, time-consuming, inefficient, fragmented, and inconsistent across the country. There was also limited progress on addressing speed issues on the highest risk parts of the roading network.

Te Manatū Waka, working with Waka Kotahi, developed a new approach through our Tackling Unsafe Speeds proposals. The new approach established a nationally supported speed management framework, replacing the problematic bylaw process. Speed management plans (SMPs) will now be used by RCAs to plan and consult on speed limit changes, alongside investment in safety infrastructure and safety cameras. This will mean a more proactive, coordinated, and transparent approach.

SMPs will allow RCAs to consult the public on three years' worth of detailed changes, alongside a high-level ten-year vision for their network. Waka Kotahi will produce a state highway SMP which will be provided to RCAs and regional transport committees, for planning and comment.

OUR SIX STRATEGIC PRIORITIES

Enhanced delivery through stronger governance

The Road to Zero Action Plan sets a target of achieving a 40 percent reduction in deaths and serious injuries by 2030.

Preventing deaths and serious injuries is about more than just how we drive – it’s about all of the different parts of the system. The Road to Zero Road Safety Strategy is our plan to build the safest road system we can, and work towards zero deaths and serious injuries on Aotearoa New Zealand roads. The Road to Zero philosophy accepts that humans are vulnerable, and that we sometimes make mistakes. The changes we’re making under Road to Zero are so that people aren’t killed or seriously injured when they do make mistakes.

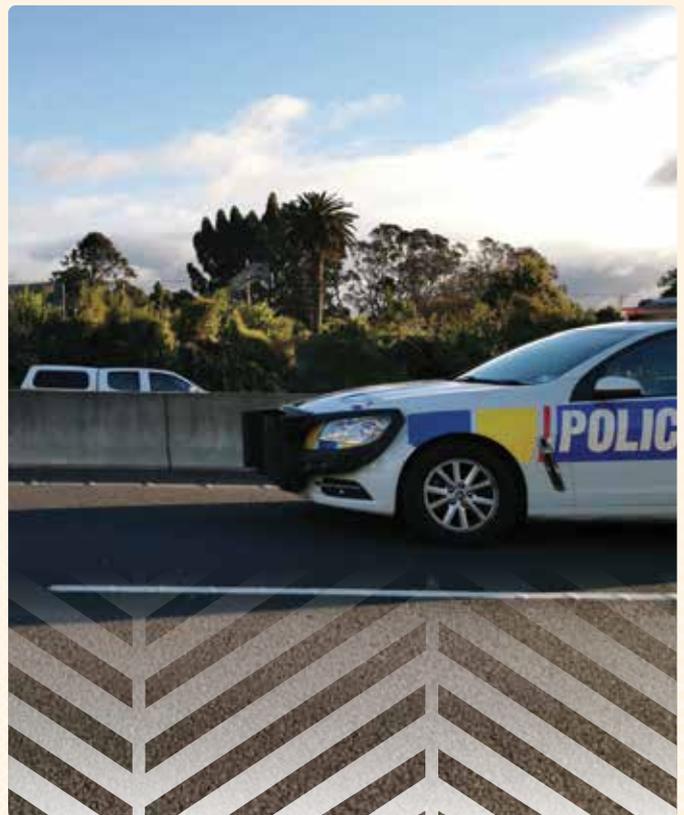
➤ **To enhance delivery of the Road to Zero programme, we took steps to strengthen its governance arrangements.**

Experience and international evidence tell us that strong leadership, effective governance, and oversight, with a focus on results and accountability for actions are critical to achieving our road safety objectives.

Te Manatū Waka has worked with road safety partner agencies (Waka Kotahi, New Zealand Police, ACC and WorkSafe New Zealand) to establish a refreshed governance structure for Road to Zero. This includes a Ministerial Oversight Group to provide overall oversight and accountability for the delivery of Road to Zero, supported by governance groups of Chief Executives and Deputy Chief Executives. A new secretariat has also been established, with a Director and Portfolio Manager overseeing system level reporting and successful delivery of Road to Zero.

The refreshed governance approach is informed by lessons from the review of Safer Journeys (New Zealand’s previous road safety strategy), an evaluation of the road safety governance arrangements in Australia, and international best practice set by the World Bank.

So far, the new arrangements have improved the engagement between the partners and provided clear accountability with each of the governance groups having clear terms of reference. Agencies now have a shared view on progress, which is driving discussions on how each partner is performing, and also promoting more joint responsibility. The updated governance structure also ensures Ministers and Chief Executives are being provided with regular updates on how the Road to Zero portfolio is tracking against its objectives.





Priority 4: Support liveable cities

Auckland Transport Alignment Project is a transport partnership programme that aligns priorities in Auckland for both central and local government. This allows for the development of effective regional strategy, as well as helping meet emissions targets.

Meeting emission targets is a key priority for the ATAP. The programme works hand in hand to help deliver wider Road to Zero objectives, creating positive outcomes for Aucklanders.

Under Priority 4 The Ministry has worked with ATAP partners to develop a transport outcomes framework for Tāmaki Makaurau, Auckland and supported the development of a transformational transport programme option for Te Whanganui-a-Tara, Wellington. The Ministry has also contributed to the Government's wider Resource Management Act reform work programme and continued to progress our Congestion Charging initiative.

New Zealand's cities need more housing, reduced carbon emissions, and improved access for people and freight, while making places more liveable.

Transport decisions can make a positive difference in all of these areas, and the Ministry has an important role in policy, planning and investment processes to ensure a long-term view of the transport system is factored into decisions.

➤ **The Ministry is working collaboratively to achieve transport improvements in key cities and to improve national frameworks that will provide long-term benefits for the transport system and communities.**

OUR SIX STRATEGIC PRIORITIES

The Ministry has progressed a range of initiatives to promote this priority, including:

Auckland Transport Alignment Project (ATAP)

The Ministry plays a significant role in transport in Tāmaki Makaurau where the scale, growth, diversity and urban context present particular challenges and opportunities. Transitioning to a low carbon transport system in Auckland is essential to meeting national emissions reduction goals. We work with others to support the integration of land-use planning and transport and to ensure sustainable transport options of public transport, walking, cycling. We have increasingly emphasised the importance of more equitable access to opportunities through transport. Our work contributes to people’s wellbeing with a focus on environmental, social, economic and safety outcomes in Tāmaki Makaurau.

The Ministry is part of ATAP, a partnership between Government and Auckland Council that provides strategic direction to planning and investment across Tāmaki Makaurau . The last year has required working together to manage the impacts of Covid-related disruption and cost pressures. We are also working on a transport outcomes framework. This will provide direction to planning and investment with particular attention to emissions reduction and achieving greater equity of access to transport options across the region.

Equity and inclusive access have been brought more to the forefront of discussion on transport in Auckland as a result of Ministry research and analysis and work with a wide range of government agencies to discuss the role transport plays in ensuring equitable access to opportunities.

More consideration of this issue in Auckland has seen Auckland Council allocate some funds, from its recently approved climate action targeted rate, to improve public transport services in some of the region’s lower income areas.

City Specific Programmes
Let’s Get Wellington Moving (LGWM)

The Ministry supported the Minister of Transport to reach agreement with Cabinet colleagues on a preferred Transformational Programme option, including mass rapid transit route and mode, enabling the project to progress into developing a detailed business case. This was achieved through broad engagement with LGWM partners, the Treasury and the Ministry of Housing and Urban Development.

Resource Management Act reform

The Ministry has worked closely with Ministry for the Environment and other agencies to support the development of policy decisions for the new planning system that will replace the Resource Management Act (RMA). A key aspect of our role has been coordinating input from across the transport agencies, and ensuring transport outcomes are considered as part of these decisions. The Ministry has participated in a range of senior officials’ forums and a cross-agency team and seconded staff to Ministry for the Environment, with the intent of ensuring the new planning system enables the integrated management and delivery of transport infrastructure, particularly through Regional Spatial Strategy development. A focus for our work has been supporting greater alignment between RMA reforms and processes and outputs in the Land Transport Management Act (LTMA). This workstream continues through 2022/2023, as policy decisions are completed, legislation is introduced, and implementation begins.

Public Transport Operating Model (PTOM)

Through the PTOM review we worked closely with stakeholders across Government and the sector to develop policy options to improve the planning, procurement, and delivery of public transport services. Following this review we presented a package of proposals to the Minister, which will collectively make up a new framework to replace the PTOM, called the Sustainable Public Transport Framework (SPTF). The Minister’s decisions on this package of proposals were reflected in a draft Cabinet paper seeking approval to establish the SPTF and to draft supporting amendments to legislation.

Community Connect

We worked closely with Auckland Transport, Waka Kotahi, and the Ministry of Social Development to develop an Auckland pilot of the Community Connect scheme. We developed the case for the national rollout of the scheme and sought funding through Budget 2022, and subsequently worked with Waka Kotahi and Public Transport Authorities to bring forward the national rollout. We have supported the Ministry of Health and the Ministry of Social Development in the amendment of regulations to enable the scheme.

Review of the Total Mobility Scheme

We scoped a review of the Total Mobility system, and provided advice to the Minister on draft Terms of Reference for undertaking the review.

We also provided Ministers with advice that resulted in a 50 percent discount on public transport fares, which also applied to Total Mobility fares.

Congestion pricing

Amending legislation to enable congestion charging will improve quality of life and economic performance in New Zealand's largest cities, and support broader efforts to reduce transport emissions. To achieve these impacts, in the medium term, over the last year we have:

- engaged with local officials in Auckland and Wellington on potential contexts, including legislative frameworks, for congestion charging and any localised implications
- updated modelling of the impact of congestion charging in Auckland
- Supported the final report [deliberations] of the Transport and Infrastructure Select Committee Inquiry into Congestion Pricing in Auckland and the Government's response.

Hamilton-Auckland Intercity Connectivity Indicative Business Case

Our focus has been on completing the Hamilton-Auckland Intercity Connectivity Indicative Business Case (IBC) to understand how to increase train journey speeds between Hamilton and Auckland. Faster rail has the potential to transform the nature of travel between these two cities, act as a catalyst and anchor for economic growth, reduce emissions, and shape more efficient urban form. WSP has been working with us on the IBC, with Beca completing a land use and integration study. Both studies complement each other, detailing the factors needed for fast rail, as well as how fast rail will influence housing, economic, and environmental outcomes in the area.

City Rail Link

The City Rail Link project is being delivered by City Rail Link Limited (CRL), a company under Schedule 4A of the Public Finance Act 1989. It was jointly established in July 2017 by the Crown and Auckland Council as joint Sponsors, each funding it 50/50.

The Minister of Transport and the Minister of Finance are jointly responsible for the Crown's shareholding interest in CRL.

The Ministry of Transport is the lead monitoring department for CRL, supported by the Treasury. As part of our monitoring programme we provide regular performance updates and briefings on a wide range of Sponsor approval matters and policy matters to the Ministers of Transport and Finance, as well as reporting on accountability documents. Sponsor approval matters include approvals of material contracts, major transactions, scope change requests, key delivery strategy components and variations thereof.

The Ministry helps to facilitate the best possible outcome of the Sponsors' investment by facilitating coordination across agencies and the project's delivery partners, and supporting communication and the exchange of information between the Sponsors and CRL. Recent pieces of work include leading the development of the first phase of a benefits realisation plan for the project, working to establish the C3 Targeted Hardship Fund, and working with Eke Panuku and Kāinga Ora ahead of their presentation to Sponsors of a programme business case on urban development opportunities at the Karanga a hape and Maungawhau CRL stations.



Priority 5:

Strengthen New Zealand's supply chains

When developing the **National Freight and Supply Chain Strategy**, the Ministry of Transport collected the views of over 140 stakeholders including iwi group holdings, cargo owners, transport operators (air, road, rail, sea), freight forwarders, ports and airports, unions, consultants and local government.

In April 2022, under Priority 5, we released the National Freight and Supply Chain Strategy Issues Paper as part of our work to develop New Zealand's first Freight and Supply Chain Strategy. For rail, we prepared successful Budget 2022 proposals to deliver a reliable and resilient heavy rail network, developed and implemented a new track user charge (payable by KiwiRail's freight business) and commissioned Deloitte to undertake an independent review of the system factors that contributed to Rolling Contact Fatigue on the Auckland rail network.

New Zealand's supply chains face major challenges and opportunities over the next few decades. These include contributing to the global effort to reduce the impacts of climate change, supporting economic development and recovery, and ensuring an appropriate level of supply chain resilience. New Zealand supply chains largely weathered the initial COVID-19 lock-downs well, but there have been ongoing supply chain congestion issues with serious economic impacts.

➤ **We are starting to bring an emission lens to our work to improve supply chains.**

The Ministry's work to progress this priority in 2021/22 included:

Supporting the freight sector through global disruptions

The past two years have been very challenging for the freight sector, with severe global and domestic disruptions sending ripples through the supply chain system. Through various work programmes, Te Manatū Waka has worked to enhance our understanding of how the sector operates, along with the current and emerging challenges, to ensure policies we develop and recommend are achievable and drive positive change in the sector. We have worked closely with many transport and other agencies to ensure cross government alignment and sharing of intelligence. Through our discussions with other agencies and the industry, we have also worked to address specific, acute freight disruptions where possible.

Freight and Supply Chain Strategy

Te Manatū Waka has identified that we need to take a more strategic, systemic, and coordinated approach to the freight and supply chain system due to significant challenges the sector is facing such as demographic changes, technological advancement, and international developments.

The disruptions caused by the COVID-19 pandemic reinforced the need for change by highlighting the existing vulnerabilities of the system. We are seeking to position the system to address these vulnerabilities and better face the challenges of the next 30 years. Many of the issues facing the system are complex and will need to be addressed by government in collaboration with industry.

- In April 2022, we released for consultation the New Zealand Freight and Supply Chain Issues Paper. This identified the key changes in the operating context of our freight and supply chain system and proposed an approach to developing a strategy for the next 30 years
- We carefully considered the long-term trends and current vulnerabilities in our freight and supply chain system and what the priorities for change should be. We proposed that the strategy focus on supporting the transition to a low emissions, resilient, productive, and innovative freight and supply chain system, in a way that is equitable and safe for all
- The issues paper was the culmination of extensive engagement with supply chain stakeholders across the system. Between August and October 2021, we spoke with over 140 stakeholders in workshops, interviews and meetings, whose insights were invaluable in preparing the paper
- By June 2022 we had received 83 submissions through the public consultation on the issues paper entailing diverse perspectives from across the system – demonstrating strong interest from many industry players. Collaboration and partnership will play an integral role in the strategy's ongoing development.

OUR SIX STRATEGIC PRIORITIES

Implementing and monitoring of the Future of Rail review

The Future of Rail review recognised broader public benefits that the Government is seeking from the rail network, as well as commercial performance from KiwiRail. The EY report on the Value of Rail that was published in 2021 showed that the total value of rail in New Zealand was estimated to be \$1.70 billion – \$2.14 billion each year, from reduced congestion by taking cars and trucks off our roads, reduced greenhouse gas emissions and air pollution, improved road safety (including fewer injuries and fatalities), lower road maintenance costs for taxpayers, and fuel savings .

The Ministry developed the first New Zealand Rail Plan, which the Government released in April 2021. The Rail Plan outlines the Government’s vision and priorities for rail investment and is part of enabling a new long-term planning and funding system for rail. Throughout 2021 and 2022, we have also worked with the Treasury to progress a review of KiwiRail’s status as a State-Owned Enterprise.

The Ministry’s work through Budgets 2020, 2021 and 2022 helped to secure significant funding instalments to deliver a reliable and resilient heavy rail network through rehabilitating KiwiRail’s national rail network and rolling stock fleet. Part of this included Crown funding for the National Land Transport Fund (NLTF) to enable it to fund the inaugural Rail Network Investment Programme (RNIP), which was approved by the Minister of Transport. The RNIP approval will enable longer term funding for KiwiRail. It will support investment in track, bridges, tunnels, signals, and control systems around the country to make the rail network more reliable and resilient.

The Ministry developed and implemented a track user charge, payable by KiwiRail’s freight business, which ensures that KiwiRail, as the main beneficiary of funding from the NLTF, contributes in a fair and transparent way to the fund. We also commissioned Deloitte to undertake an independent review of the system factors that contributed to Rolling Contact Fatigue on the Auckland rail network, which resulted in a number of recommendations for agencies, regulators and operators.

Coastal shipping

The Ministry assisted Waka Kotahi in delivering its \$30 million Coastal Shipping Activity class (part of GPS 2021). Waka Kotahi received a range of proposals from the sector to deliver coastal shipping. Waka Kotahi is managing the contracting and final delivery of the \$30 million which was provided to four successful applicants.

The Ministry received \$35.1 million as part of Budget 2022 and is working closely with the Chatham Islands Enterprise Trust to assist the Chatham Islands in repairing and replacing their current vessel – the Southern Tiare. This vessel is a vital lifeline for the Islands, delivering diesel, construction materials, machinery, and exports of livestock to mainland New Zealand. The Ministry is currently putting together a timeline for this project.

New Zealand's National Freight and Supply Chain Strategy

➤ **The effectiveness of our freight and supply chain system directly impacts the average Kiwi's quality of life.**

Whether by road, rail, sea, or air, 280 million tonnes of freight around is moved around Aotearoa each year. We depend on our freight and supply chain system daily for stocked shelves at the supermarket, retail stores, pharmacies, or even our mail service.

Supply chain disruptions, for example, triggered by the COVID-19 pandemic, can put upward price pressure on consumer goods and affect people's quality of life. For instance, since the pandemic, the construction sector has experienced delays and price increases for building products and materials. Housing has felt this impact, with delays and price increases detrimentally affecting housing projects.

In effect, New Zealand's economy relies on the efficient running of the freight and supply chain system. Our exporters depend on predictable, timely, affordable freight services to get their goods to overseas markets. Importers require certainty that their goods will arrive on time. Because the system plays an integral part in the economy, its performance can affect our ability to transition towards a more productive, sustainable, and inclusive economy.

Nevertheless, the context in which our freight and supply chain system operates is changing with climate change, growing population and densification, technological advancements, and geopolitical developments. These changes impose challenges but, at the same time, present opportunities for the system to transform.

In addition, the COVID-19 pandemic has highlighted vulnerabilities in the current system. For example, its just-in-time efficiency-based model was not well-placed to manage prolonged disruptions, the sector's limited access to labour, and a lack of clarity around the long-term direction of the system.

➤ **The National Freight and Supply Chain Strategy will outline how best to mitigate these challenges while capitalising on the opportunities available to New Zealand for the next 30 years.**

The strategy aims to lay out:

- a set of outcomes for the New Zealand freight and supply chain system
- the changes that need to occur to prepare the system for the future
- a mechanism for stakeholders and government to work together on an ongoing basis.

We have collected the views of over 140 stakeholders including iwi group holdings, cargo owners, transport operators (air, road, rail, sea), freight forwarders, ports and airports, unions, consultants and local government. The Ministry has also received 83 submissions from the public consultation on the New Zealand Freight and Supply Chain Issues Paper that was published in April 2022.

Based on the engagement to date, four outcomes areas have been identified for the strategy to focus on: **Low emissions, Resilience, Productivity & Innovation** and **Equity & Safety**. Linking all of these is the overarching value of collaboration between all parties involved in the freight and supply chain system, which is essential for its success. The Ministry will continue working with stakeholders to develop a strategy document in early 2023.



Priority 6: Enable emerging aviation technologies

The 2019 Drone Benefit Study estimated the potential value of the drone sector as being up to \$7.9 billion over the next 25 years. In 2021, Te Manatū Waka consulted on a Drone package called **Enabling Drone Integration.**

The Ministry is actively contributing to, and leading, the development of, a safe and innovative aviation sector, by leading the cross-agency regulatory work programme to enable drone integration. We have also supported the development of the New Zealand Aerospace Strategy.

➤ The Ministry is continuing to engage with the aviation sector to maximise the opportunities from new aviation technologies.

The 2019 Drone Benefit Study estimated the potential value of the drone sector as being up to \$7.9 billion over the next 25 years. To enable this New Zealand needs a regulatory framework to support innovative technologies.

'Taking Flight', released in 2019, set a long-term objective for the safe integration of all aircraft in any given airspace, and ultimately within the wider transport system. The vision is to create a thriving, innovative and safe drone sector.



Drone integration

We consulted on a drone package called Enabling Drone Integration in 2021. The package was developed following extensive consultation with industry stakeholders and government agencies on proposals such as: updating the Civil Aviation Rules, mandatory basic pilot qualification, and registration of drones weighing 250 grams or over, and suggestions of further policy work on remote ID and geo-awareness. This work will provide the foundation for future proposals on Unmanned Traffic Management.

Through Budget 2022, the Government agreed to a tagged contingency budget of \$8.8 million for Enabling Drone Integration, subject to final decisions on associated packages and proposals. The Ministry and the Civil Aviation Authority will re-engage with the sector once these final decisions have been made.

Supporting the development of New Zealand's Aerospace Strategy

We continue to have an active role in the development of MBIE's Aerospace Strategy (the Strategy), while maintaining the position that the Strategy should be matched with funding to CAA to allow it to expand its capacity and capability to a level where it can support the ambitions of the Strategy. The draft Aerospace Strategy is set to be considered by the Cabinet Economic Development Committee in late August 2022 before it is publicly released at the inaugural Aerospace Summit in Christchurch on 5 September 2022. The plan is for the Strategy to be finalised for consideration by Cabinet in late 2022/early 2023 subject to further discussions with Ministers. We will continue to work with MBIE to consider submissions on the draft strategy and next steps towards its finalisation.

The Ministry has its own regulatory role in the development of the drone integration programme and building of the Strategy. This work includes our partnership role in the Airspace Integration Trials Programme and exploring ways to continue to modernise the aviation system through initiatives like Unmanned Aircraft System Traffic Management.

Airspace Integration Trials Programme:

The programme builds on the potential for innovation under New Zealand's current Civil Aviation Rules, providing a mechanism for the government to work with leading and innovative domestic and international industry partners. These industry partners are testing and demonstrating uncrewed aircraft for a range of purposes including passenger transport, cargo delivery, agricultural services, and hazard management and monitoring services. The programme is centrally managed by the Ministry of Business, Innovation and Employment's Innovative Partnerships team, working alongside the Civil Aviation Authority, the Ministry, Airways and other key stakeholders.

Unmanned Aircraft System Traffic Management:

The International Civil Aviation Organization (ICAO) has defined UTM as "a specific aspect of air traffic management which manages UAS operations safely, economically and efficiently through the provision of facilities and a seamless set of services in collaboration with all parties and involving airborne and ground-based functions". At this stage, the Ministry would like to test our early thinking with stakeholders across Government, the aviation sector and drone user groups on Unmanned Aircraft Traffic Management (UTM) as a possible framework to enable the integration of drones into the civil aviation system, and seek ideas on what would work for New Zealand.

OUR SIX STRATEGIC PRIORITIES

Hōtaka Mahi Tāpua Atu Anō | Other Significant Work Programmes

In addition to our work under the Six Strategic Priorities, we have also progressed work on a range of matters including:

<p>He Waka Maiangi He Aotearoa – A transport system for New Zealand</p>	<p>Te Manatū Waka engages and works with Māori across a number of key areas including urban planning and land-use development in collaboration with Waikato Tainui and significant infrastructure projects such as Auckland Light Rail, which involves wide engagement and collaboration with mana whenua and stakeholders. We have also partnered with Ngāi Tahu Holdings to develop a model for incorporating shared transport options into housing developments.</p> <p>While some engagement is already underway, He Waka Maiangi commenced in 2021 with the aim to place increasing emphasis on improving outcomes for Māori in the transport system. The project will span across multiple years, with the intention to embed enduring practices and structures at Te Manatū Waka. This is about integrating te ao Māori perspective into projects, meeting Tiriti o Waitangi obligations of the Ministry and enhancing partnership.</p> <p>To date, a He Waka Maiangi project team was established that draws together expertise across the organisation, and an external Kāhui (a group of Māori experts) has been formed to provide guidance to the Senior Leadership Team. The Ministry has also undertaken a current state analysis of our approach to engagement and partnership with Māori. This work is informing next steps to build greater capability and capacity across the organisation, including looking at the ways we develop policy at the strategic level, recruitment, and our engagement approach.</p> <p>To develop a deeper understanding of Māori aspirations for transport, we worked with Waka Kotahi on an initial phase of research, <i>“A Pathway for Understanding Māori Aspirations for Land Transport”</i>, which was published in June 2022. We are continuing to work with Waka Kotahi on the next phase of research that seeks to undertake in-depth nationwide engagement with Iwi/Māori.</p>
<p>Our Generational Investment Approach</p>	<p>This year Te Manatū Waka established the ‘Generational Investment Unit’ to lead the Ministry’s long-term thinking and a whole of system view of the transport sector. Using tools and processes that make up the Generational Investment Approach (GIA), the Unit is supporting the Ministry and wider sector to recognise the long-term (30 to 50 years) impact of transport investment and intervention. This will generate alignment between policy, medium-term ‘mezzanine’ strategies and shifts we need to make for the future. New ways of assessing our investment and interventions will provide better information for decision-makers and provide a portfolio of choices for transport to deliver on the social, environmental and economic goals of future generations.</p>

Governance and Crown entity monitoring

The Ministry provides the Minister of Transport (and other Shareholding Ministers) with a wide range of advice that enables them to fulfil their statutory duty to oversee the performance of Crown entities and companies within the transport sector, and manage the Crown's relationship with those entities.

The entities within the transport portfolio include: Waka Kotahi NZ Transport Agency (Waka Kotahi), Maritime New Zealand (MNZ), the Civil Aviation Authority (CAA), the Transport Accident Investigation Commission (TAIC), and City Rail Link Limited (CRL) (a company under Schedule 4A of the Public Finance Act 1989).

The following activities were undertaken in 2021/22 as part of this process:

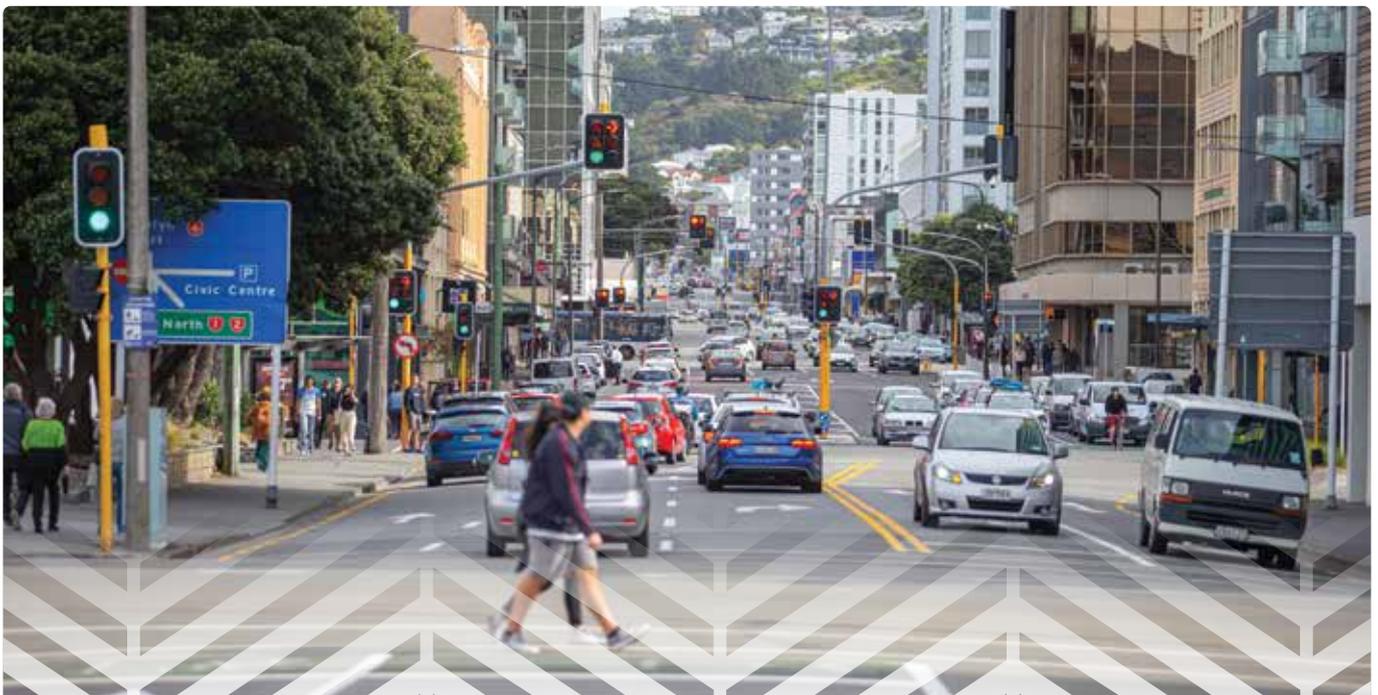
- helping the Minister to participate in the process for setting the direction and priorities for the Crown entities;
- provide ongoing briefings on each Crown entity that identify emerging governance or performance issues that require the Minister's attention;
- manage all processes relating to board membership, including appointments, reappointments, setting some members' fees, and the induction and training of new members;
- provide the Minister of Transport with advice on organisational funding issues, such as Budget bids and funding reviews; and
- other tasks as required.

The Ministry also provides Ministers with a range of advice relating to investments made by the Crown, which are delivered through either entities within the transport portfolio or companies that the Crown has a shareholding in. This work includes monitoring and administering the Government's contract with the Meteorological Service of New Zealand (MetService) and the Joint Venture Airports appropriation.

Temporary reductions to petrol excise duty and road user charges and half fares on public transport

In response to a sudden and significant increase in the price of petrol and diesel, the Ministry led work to reduce the rate of petrol excise duty by 25 cents per litre on 14 March 2022 and discount road user charges by 37 percent. The reduction to petrol excise duty was put in place within hours of Cabinet's decision, and urgent legislation was passed on 5 April 2022 to legislate the road user charges reduction scheme. Half fares on public transport started on 1 April 2022.

The work, and subsequent extensions, happened in close collaboration with other government agencies, including Waka Kotahi, the New Zealand Customs Service, the Treasury and the Ministry of Business, Innovation and Employment (Energy Markets).



Section 4

Te Whakapakari i ō Mātou Āheitanga | Building Our Capability



Te Whakapakari i ō Mātou Āheitanga | Building Our Capability

One of our key challenges is to ensure we have the right organisational environment that enables our people to do their very best.

This includes working together, engaging with others, prioritising our work, and providing our people with the right tools to do their job. Our Ministry values and foundations form the basis of our organisational environment.

We are progressing a range of initiatives as we continue to build our capability and ensure that we have the right capability and capacity for the future. Our work has included:

Hei Arataki - Ministry of Transport Māori Strategy

Te Manatū Waka continues to build internal and external capabilities as part of the Māori Strategy Hei Arataki. The strategy aims to take a leadership role in supporting the transport system to achieve greater outcomes for Māori through strategic collaboration and improved ways of working. Hei Arataki is a principles-based strategy underpinned by Te Tiriti o Waitangi and driven by the Ministry's Crown-Māori obligations and ambitions.

During the year we welcomed our new Hei Arataki team who are providing expert guidance to Te Manatū Waka whānau to grow te ao Māori and tikanga capabilities. Significant progress has been achieved in strengthening partnerships with transport Crown agencies to deliver a coordinated approach when engaging with Māori across Aotearoa New Zealand. Hei Arataki intends to strategically navigate Te Manatū Waka as an exemplar Te Tiriti o Waitangi partner supporting Māori, hapū and iwi to achieve their aspirations through authentic partnership and whanaungatanga.

Organisational systems and processes

The Ministry operates in an environment of ongoing change that provides both opportunities and challenges in terms of delivering on our role as the Government's system lead on transport. Good risk management and strong organisational systems and processes are factors in navigating the changing environment in which we operate. We continue to maintain our focus on strengthening our organisational systems and processes.

We have an ongoing policy quality programme to build capability and enhance the quality of advice we provide to the Minister of Transport.

Our people are supported to make decisions in a risk-aware way, enabling the Ministry to take advantage of opportunities while managing their associated risks. This approach provides ongoing assurance that the key systems and processes we rely on to deliver our strategic priorities and safeguard our people are operating effectively and efficiently.

The pace, scale, and complexity of responding to the pandemic meant that getting the fundamentals right, which include robust business continuity, resilience, and risk management, was and remained important. The Ministry continued to review and update our organisational policies and ensure that they are fit for purpose within our current operating context.

Te Manatū Waka has continued to refresh our organisational policies and ensure that they are fit-for-purpose and are best practice. This past year we have updated a number of policies such as the Domestic Violence Policy which outlines the Ministry's commitment to supporting employees affected by family violence, the Recruitment and Selection Policy and the Learning and Development Policy.

BUILDING OUR CAPABILITY

Gender Pay Action Plan

Te Manatū Waka is committed to the Public Services action plan to increase gender equity and eliminate the gender pay gap. In October 2021, we published a new Gender Pay Action Plan that is focused around the 4 public service milestones: Equal Pay, Flexible by Default, No Bias of Discrimination in Remuneration Systems or Human Resources Practices, and Gender-Balanced Leadership.

Equal Pay: We continue to monitor gender pay data to ensure we maintain equal pay for the same or similar roles through reporting and reviewing our gender pay data. As of 30 June 2022, our overall gender pay gap was 5.3% (mean) and 5.3% (median). The gap reduces significantly when calculated for groups of people in the same or similar roles.

Flexible by Default: Over the past year, we surveyed our staff about their working practices, and we continue to build our culture of flexible working. We have a hybrid working model, providing our staff with the flexibility to work from home or from the office.

No Bias of Discrimination in Remuneration Systems or Human Resources Practices: We continue to raise awareness of bias through our compulsory unconscious bias modules and by embedding reminders in our Human Resources policies and practices such as performance moderations, recruitment and selection, and talent discussions. We have improved our recruitment reporting so we can monitor the gender and ethnic mix of applications with both those short-listed and those offered the position.

Gender-Balanced Leadership: Our leadership team is gender-balanced at all levels; Manager, Director and Deputy Chief Executive.

Health, safety and wellbeing

Te Manatū Waka recognises the importance of the wellbeing of staff. We continue to strengthen our culture to maintain a healthy workplace and promote wellbeing, through activities and offerings such as the promotion of wellbeing events and training, annual health checks, eye tests, flu vaccines, wellness days, an Employee Assistance Programme, and access to discounted health insurance. This past year, we had a high uptake in the annual flu vaccination vouchers, with over 130 staff being provided with a voucher. Additionally, an annual wellbeing payment was introduced by the committee and Human Resources team.

Health, Safety and Wellbeing Inductions were introduced for all new employees to ensure they have the knowledge of the tools and resources available at Te Manatū Waka to keep them safe and well.

We continue to provide comprehensive quarterly reports to the Senior Leadership Team and we regularly make improvements to facilities based on feedback to ensure the safety of our people while they are in the office.

The key contributors to health and safety at Te Manatū Waka are the Health, Safety and Wellbeing committee (made up of representatives across all groups who are focusing on increasing their visibility across Te Manatū Waka), Human Resources and management teams.

Key Health and Safety Measures

Type	2021 / 22
Incidents	3
No injury/near miss	2
Work related ACC claims	0
Incidents requiring notification to WorkSafe	0
Other	0

Te rereketanga me te whakauru | Diversity and inclusion

Te Manatū Waka is committed to building and maintaining inclusive work practices and culture. We are refreshing our Diversity and Inclusion Strategy and Plan.

The Ministry recognises the importance of diversity and inclusiveness and is guided by the principles that its employees should reflect the makeup of New Zealand society and its workplace should be inclusive of all groups.

We are focusing on five areas to build our diversity and inclusiveness:

- Cultural Competence
- Addressing Bias
- Inclusive Leadership
- Building Relationships
- Employee-led Networks.

Cultural Competence	<p>We understand and value the differences among the people we work and interact with, we reflect the Crown-Māori partnership in our work and we are building our Māori capability.</p> <p>Te Manatū Waka continues to implement Hei Arataki, our Māori strategy. We have had 20 employees attend the Te Reo Level 1 Course and 20 enrolled in the Te Reo Level 2 Course.</p>
Addressing Bias	<p>We raise awareness, use tools and systems to mitigate bias, and expect everyone to ask questions, look for evidence and boldly challenge thinking and behaviour. A lot of work from this has come out of the Gender Pay Action Plan including the unconscious bias training module as a compulsory part of induction and updating our processes and systems to help mitigate bias.</p> <p>From an ethnicity perspective, our workforce does not currently reflect the diverse communities we serve. We are attracting diverse candidates into our organisation by using inclusive language in our recruitment advertising, advertising on a range of platforms and being involved in programmes such as the Tupu Toa intern programme.</p>
Inclusive Leadership	<p>Our leaders treat people fairly, appreciate uniqueness, and give people the confidence to speak up and be heard. We recently ran an Inclusive Leadership Programme and invited all our leaders to attend.</p>
Building Relationships	<p>We build positive, inclusive and diverse relationships deliberately seeking out people with different worldviews. This includes our work on Hei Arataki, co-designing, listening and being proactive and responsive, and making our engagement accessible and convenient.</p>
Employee-Led Networks	<p>We encourage our people to come together to initiate, build and participate in Employee-led networks. Te Manatū Waka has several active Employee-led networks including the Wāhine network, Rainbow network, Eco group and Roopu Taiao. Our Rainbow Network were recently involved in Sweat with Pride and raised \$5,551 by “sweating with pride” and exercising for over 280 hours total as a team.</p>
What we have already done to increase the diversity of our workforce:	<ul style="list-style-type: none"> • Promoting our commitment to diversity and inclusion internally, throughout our recruitment process and in our external interactions • Using inclusive language in our recruitment adverts • Advertising on different websites and with agencies including Seek, Govt Jobs, Maha, Kumera, and LinkedIn • Supporting the Tupu Toa intern programme • Encouraging managers to think broadly about selection criteria.

BUILDING OUR CAPABILITY

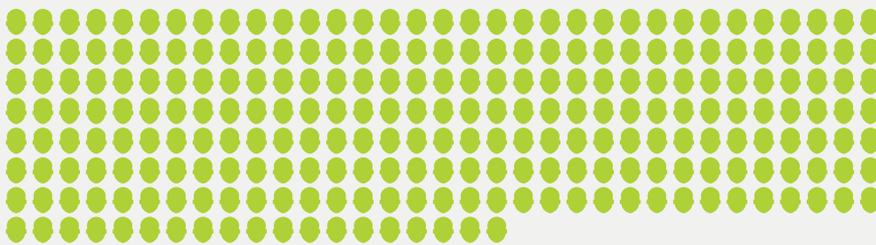
Ine tangata mātuatua me te raukaha matū | Key people metrics and core capacity

As at 30 June	2021/22	2020/21	2019/20	2018/19	2017/18
Number of employees					
Policy development	138	110	106	91	78
Management	36	27	28	25	24
Administration	76	54	41	50	53
Total headcount	250	191	175	166	155
Turnover	27%	26%	26%	22%	29%
Gender					
Women	44%	55%	51%	51%	53%
Men	56%	45%	49%	49%	47%
Ethnicity distribution					
NZ European	43%	71%	66%	66%	76%
NZ Māori	3%	2%	3%	4%	2%
Pacific peoples	1%	2%	1%	1%	0%
Asian	8%	8%	8%	11%	5%
Other European	16%	16%	16%	13%	8%
Middle Eastern, Latin American and African	2%	1%	-	-	-
Age distribution (permanent staff)					
20 – 29	29%	27%	21%	23%	23%
30 – 39	34%	30%	31%	26%	23%
40 – 49	16%	18%	19%	19%	24%
50 – 59	17%	20%	23%	25%	23%
60+	4%	5%	6%	7%	7%

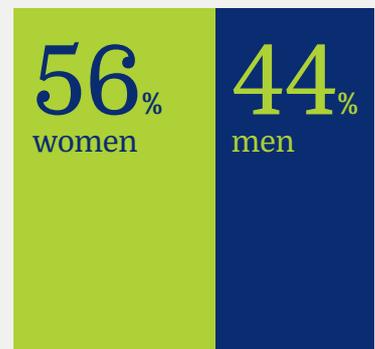
2020/21 numbers at a glance

Number of employees

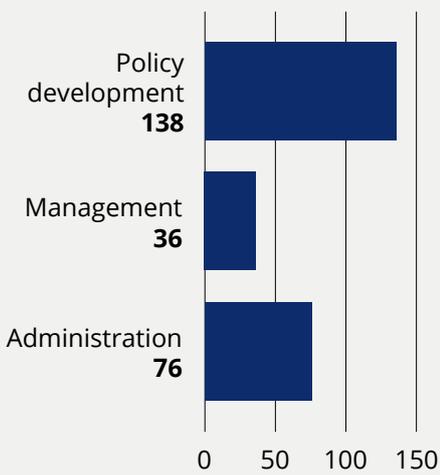
250



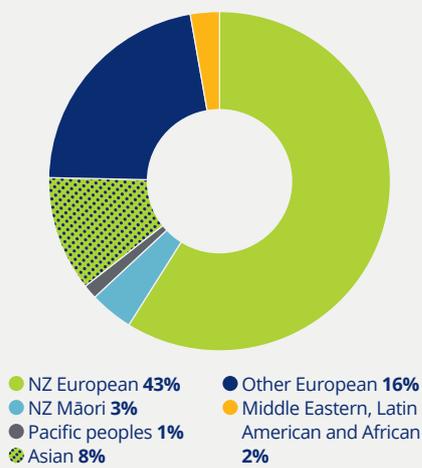
Gender



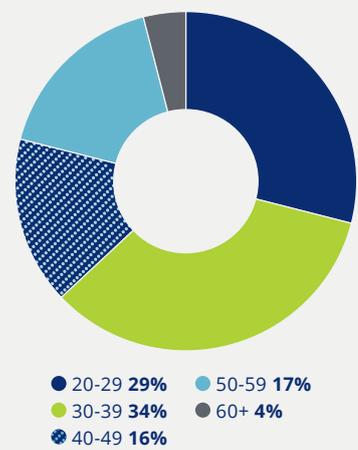
Employee breakdown by role



Ethnicity distribution



Age distribution



BUILDING OUR CAPABILITY

Pūrongo Tukuwaro-Kore | Carbon Neutral Report

Carbon Neutral Government Programme

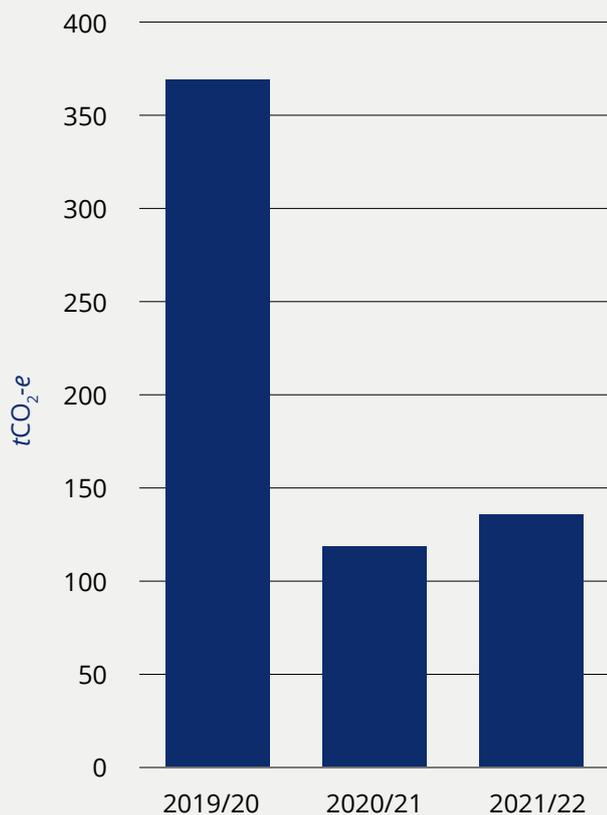
The Carbon Neutral Government Programme (CNGP) was launched in 2020 and aims to accelerate the reduction of greenhouse gas (GHG) emissions within the public sector.

Under the CNGP, we are committed to measuring, reducing, and reporting our emissions profile and having it externally verified. We have made significant progress this year by undertaking three emissions audits covering our base year (FY19/20) through to FY21/22. Our emissions and data have been independently verified against ISO14064-1:2018 by Toitū Envirocare. We are proud to have received Toitū carbonreduce certification.

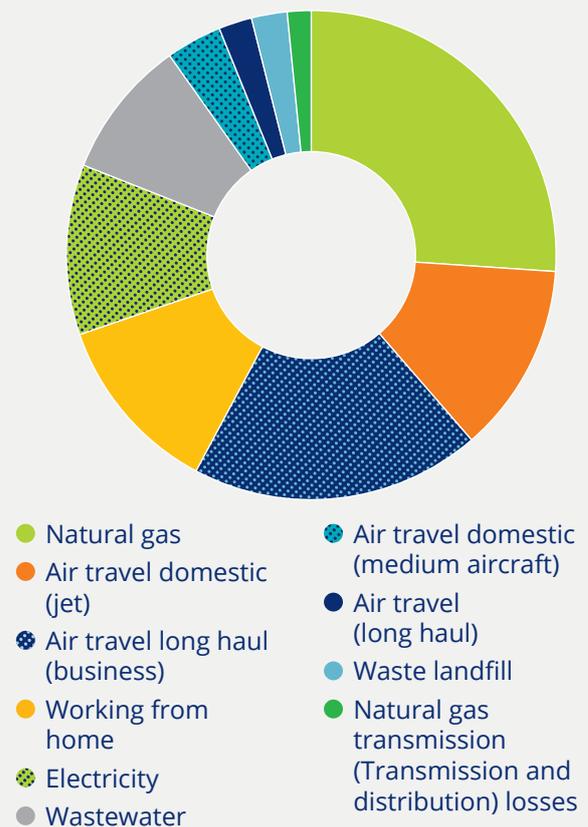
In 2021/22 we emitted 135.49 tCO₂-e (tonnes of carbon dioxide equivalent), a 63% reduction on our base year (369.88 tCO₂-e) primarily due to the effects of COVID-19 on travel. Air travel, natural gas, electricity and working from home were the most significant contributors to our emissions.

During that period, we saw a small increase in our emissions compared to 2020/21. This was largely from the effects of travel resuming towards the end of the year, an increase in staff FTE and having increased flexibility to work from home. We are developing guidelines regarding how we will approach future travel.

Total emissions (tCO₂-e)



Emissions profile: Top GHG emissions (tCO₂-e) by source



Emissions intensity by FTE and expenditure

Despite growing our full-time equivalent (FTE) staff numbers over the past 3 years, our overall greenhouse gas (GHG) emissions and emissions per FTE have decreased.

By adopting a spaceless growth strategy our emissions per FTE (tCO_2-e) have decreased by 65% compared to our 2019/20 baseline year, despite becoming a larger organisation with an increased work programme.

Key Performance Indicator's for FTEs and expenditure by financial year

KPI	2019/2020	2020/2021	2021/2022
FTEs	170	184	241
Expenditure (\$m)	47.99	44.42	55.30
Emission intensity			
Total gross emissions per FTE in tCO_2-e	2.2	.64	.56
Total gross emission per million dollars of expenditure in tCO_2-e	7.7	2.7	2.4

The figures in this table exclude the NZ Search and Rescue secretariat.

Our reduction targets

The Ministry has set science-aligned targets to keep global warming to less than 1.5 degrees of warming as required under the Carbon Neutral Government Programme.

Our target also aligns to the requirements of the Toitū carbonreduce programme.

We have set the following emissions targets:

- **2025 target:** Gross emissions (all Categories) to be no more than 292.2 tCO_2-e , or a 21% reduction compared to our base year FY19/20
- **2030 target:** Gross emissions (all Categories) to be no more and 214.5 tCO_2-e , or a 42% reduction compared to our base year FY19/20.

We are expecting our emissions to increase over the next financial year due a continuation of COVID-19 impacting on staff needing to work from home, and an increase in our domestic and international travel. However, we will not allow the volume of travel to return to pre-COVID levels.

The Ministry hosts the New Zealand Search and Rescue secretariat (NZSAR), who are independent from the Ministry. NZSAR have been excluded from our emissions reporting as we do not have direct control over their operations.

Our reduction implementation plan and future reporting

This year as been focussed on data collection and creating a clear picture of our emissions. Our next focus is developing our emissions reduction plan which we will have finalised by December 2022.

As part of our commitment to continuous improvement, our plans for the 2022/23 financial year include:

- Developing our emissions reduction plan to inform our organisational approach/strategy
- Continuing to review our travel policy; we have already made decisions to reduce flights
- Reviewing our lighting and wastewater emissions with a view to implementing more energy efficient options if feasible
- Collaborating with our internal eco group to boost awareness of targets and educate our staff on carbon-reduction initiatives
- Improving our data collection for our waste emissions by capturing daily actuals and removing assumptions from our methodology
- Improving our data for staff working from home, to give us a better insight into working from home
- Working to capture the emissions involved with staff commute.

Section 5

Te mahi pūtea | Financial Performance



Te taunākī kawenga | Statement of Responsibility

I am responsible, as Chief Executive of the Ministry of Transport (the Ministry), for:

- the preparation of the Ministry's financial statements and statements of expenses and capital expenditure, and the judgements made in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in this annual report.

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Ministry
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2022 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2023 and its operations for the year ending on that date.



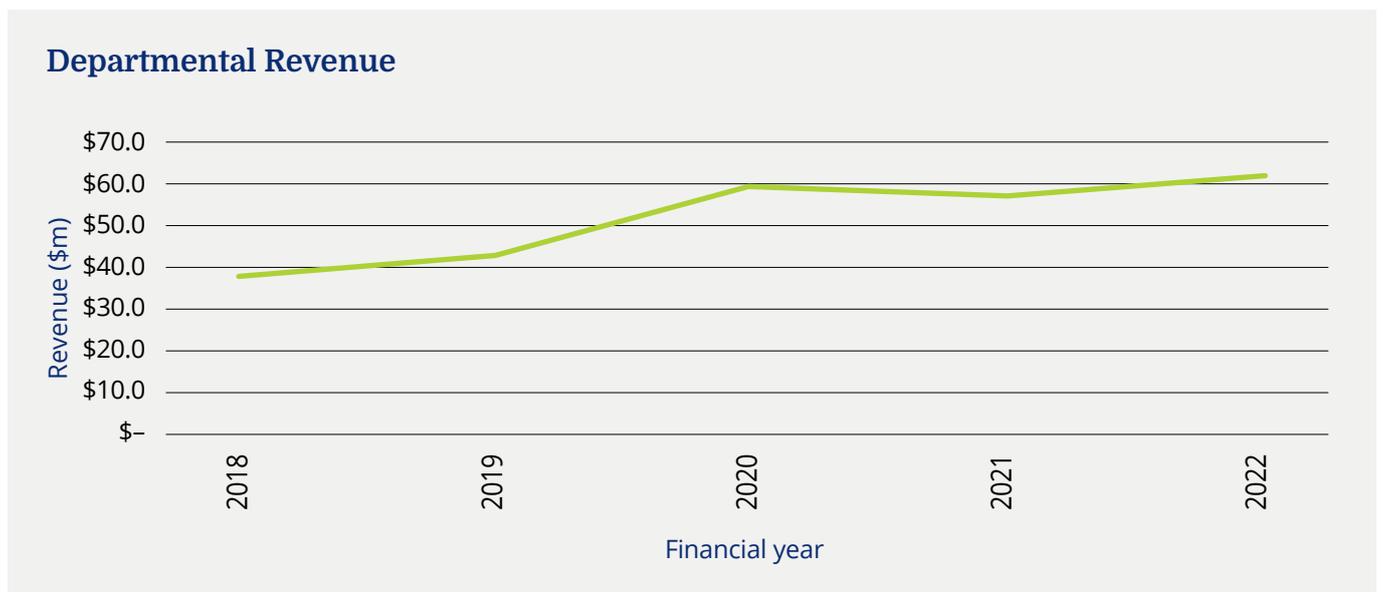
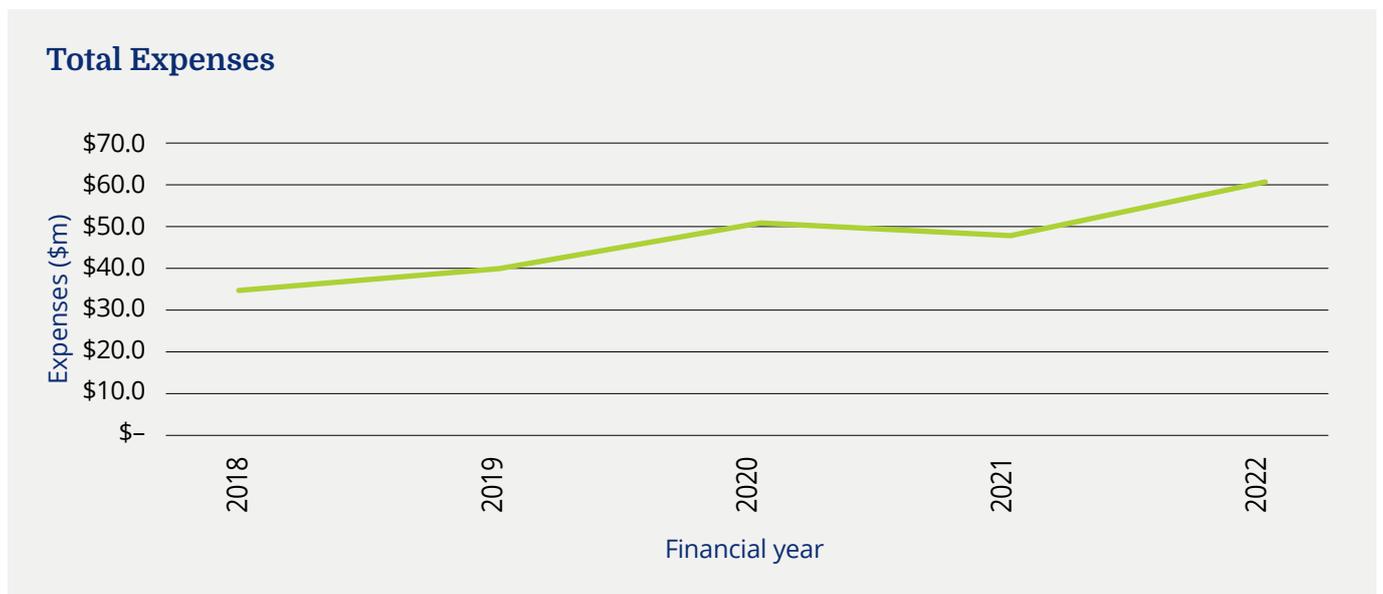
Bryn Gandy

Acting Chief Executive, Ministry of Transport
30 September 2022

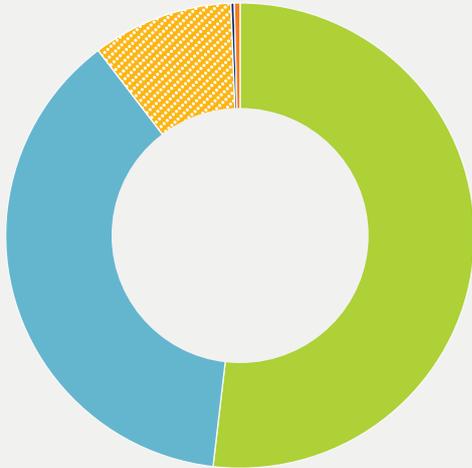
FINANCIAL PERFORMANCE

Te tirohanga whānui o te pūtea | Financial Overview

Departmental Trends

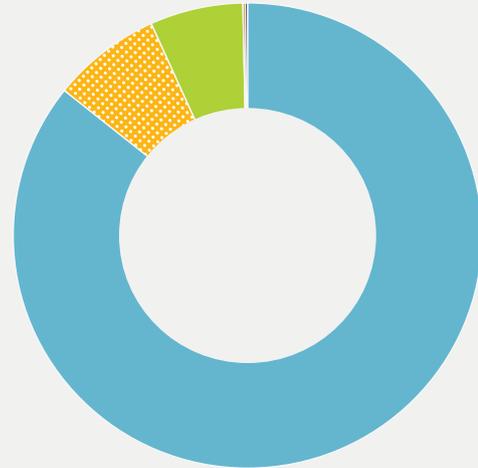


2021/22 Expenses (\$m)



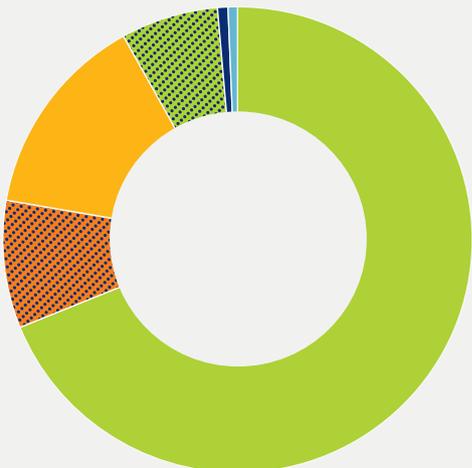
- Personnel expenses **\$31.40**
- Other operating expenses **\$22.90**
- Contractual payments to Crown entities **\$5.89**
- Capital charge **\$0.14**
- Depreciation and amortisation **\$0.24**

2021/22 Revenue (\$m)



- Transport – Policy advice, ministerial servicing, governance, and other functions **\$53.4**
- Search and Rescue Activity Coordination PLA **\$4.7**
- Crown entities and other departments **\$4.0**
- Other recoveries **\$0.1**
- Milford Aerodrome landing fees **\$0.1**

Other operating expenses (\$m)



- Consultant, research and legal expenses **\$15.8**
- Information technology expenses **\$3.3**
- Operating lease payments **\$1.5**
- Other operating expenses **\$2.0**
- Advertising and publicity **\$0.2**
- Audit NZ – the financial statement audit **\$0.1**

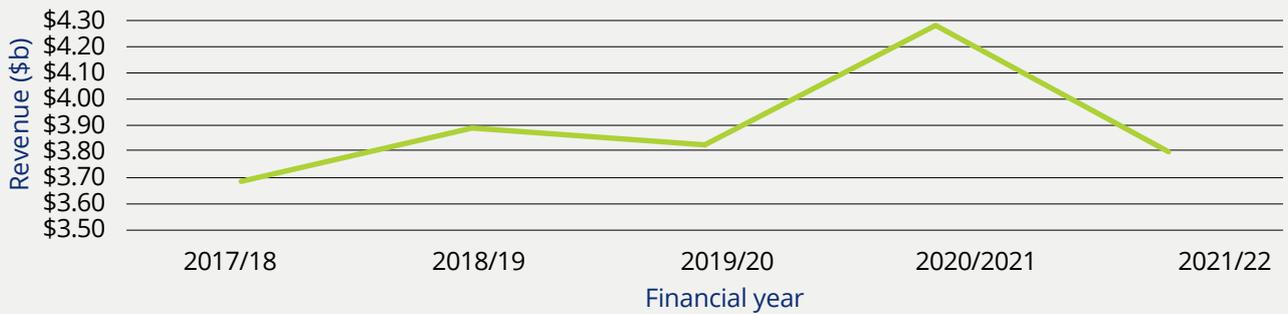
FINANCIAL PERFORMANCE

Non-departmental Trends

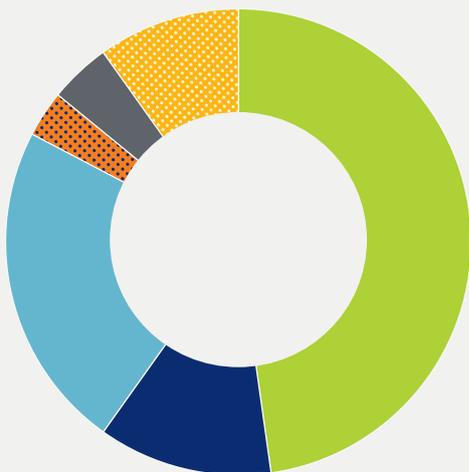
Vote Transport Expenditure



Land Transport Revenue

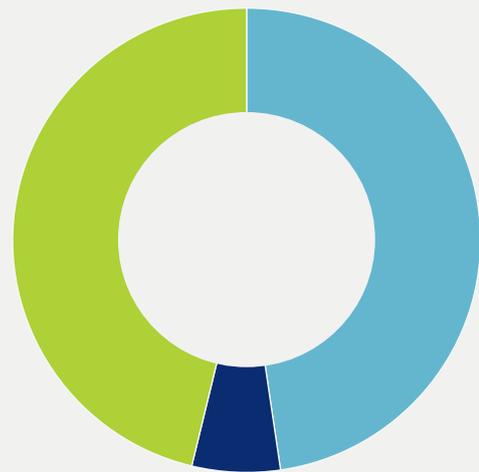


2021/22 Vote Transport expenditure (\$b)



- National Land Transport Programme PLAs **\$3.3**
- Other funding from the Crown for roading, walking and cycling projects **\$0.8**
- Funding for Rail **\$1.6**
- Loans **\$0.2**
- Crown entities **\$0.3**
- Other **\$0.7**

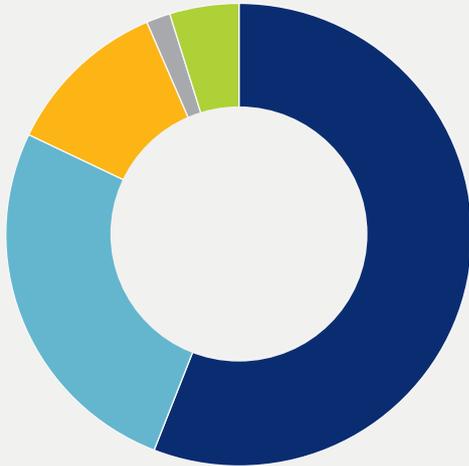
2021/22 Land Transport Revenue (\$b)



- Road user charges (net) **\$1.8**
- Fuel excise duty (net) **\$1.8**
- Motor vehicle registration (net) **\$0.2**

Key Work Programmes 2021/22

Tuawhenua Provincial Growth Fund (\$m)



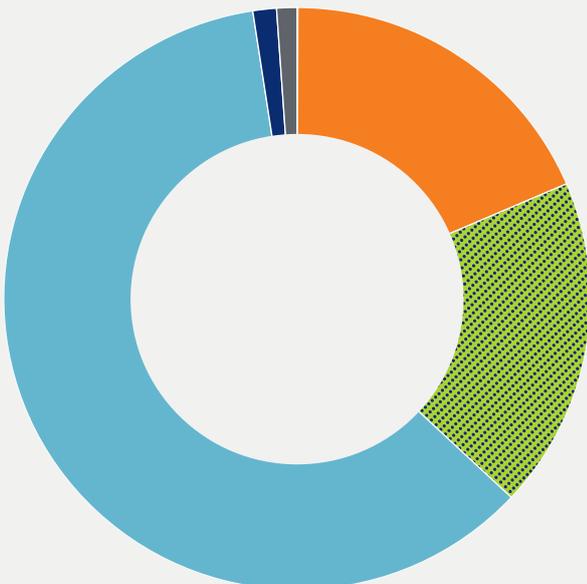
- Enabling Infrastructure Projects **\$55.0**
- Rail Projects **\$25.7**
- Infrastructure Projects **\$11.2**
- Supporting Regional and Infrastructure Projects **\$1.6**
- Regional Projects and Capability **\$4.7**

NZ Upgrade Programme (\$m)



- Roads, walking and cycling **\$319.6**
- Rail **\$263.3**

Covid-19 Response (\$m)



- Maintaining Airfreight Capacity **\$0.3**
- COVID-19 - NLTF Operating Cost Pressure and Revenue Shortfall Funding **\$127.7**
- Protection of Transport Agency Functions **\$127.1**
- Maintaining international air services MYA **\$418.1**
- Maintaining Essential Transport Connectivity **\$9.0**
- Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Function **\$7.7**

FINANCIAL PERFORMANCE

Te mahi pūtea | Financial Performance

Column definitions

The source of the financial information contained in each column of the tables that follow is:

- **2021 Actual** – as published in the Ministry's Annual Report for the year ended 30 June 2021.
- **2022 Actual** – the audited actual figures for the current financial year.
- **2022 Budget** – as published in the Ministry's Budget Estimates Fiscal Update (BEFU) for the 2022 year and the Annual Report for the year ended 30 June 2021. This information is unaudited.
- **2022 Forecast** – as published in the Ministry's Supplementary Estimates for the 2022 year. This information is unaudited.
- **2023 Forecast** – as published in the Ministry's BEFU for the 2023 year. This information is unaudited. Refer to Note 1 for more information on 2023 Forecast figures.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2022

The Statement of Comprehensive Revenue and Expense details the revenue and expenses relating to all outputs produced by the Ministry during the financial year.

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	2023 Forecast \$000
Revenue						
55,429	Revenue Crown	2	58,085	48,925	67,987	138,459
1,994	Other revenue	3	4,232	1,840	6,151	4,105
57,423	Total revenue		62,317	50,765	74,138	142,564
Expenses						
25,492	Personnel expenses	4	31,404	22,522	36,446	53,448
18,905	Other operating expenses	5	22,901	24,554	31,300	81,986
3,134	Contractual payments to Crown entities	6	5,892	3,138	6,015	6,579
141	Capital charge	7	141	154	141	154
234	Depreciation – property, plant and equipment	10	237	172	235	172
2	Amortisation – intangible assets	10	1	225	1	225
47,908	Total expenses		60,575	50,765	74,138	142,564
9,515	Net surplus		1,741	-	-	-
Other comprehensive revenue and expense						
-	Gain/(loss) on revaluation		-	-	-	-
9,515	Total comprehensive revenue and expense		1,741	-	-	-

Explanations of major variances against the 2022 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Statement of Movements in Equity

For the year ended 30 June 2022

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	2023 Forecast \$000
2,824	Balance at 1 July		2,824	2,824	2,824	2,824
9,515	Net surplus		1,741	-	-	-
-	Gain on revaluation		-	-	-	-
	Owner transactions					
(9,515)	Provision to repay surplus		(1,741)	-	-	-
2,824	Balance at 30 June	8	2,824	2,824	2,824	2,824

Explanations of major variances against the 2022 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Statement of Financial Position

As at 30 June 2022

The Statement of Financial Position reports the total assets and liabilities of the Ministry as at 30 June 2022. Equity is represented by the difference between the assets and liabilities.

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	2023 Forecast \$000
Equity						
1,947	Taxpayers' funds		1,947	1,947	1,947	1,947
877	Revaluation reserve – aerodrome		877	877	877	877
2,824	Total equity	8	2,824	2,824	2,824	2,824
Represented by:						
Current assets						
7,978	Cash and cash equivalents		13,460	5,720	3,047	3,177
11,316	Debtors, prepayments and other receivables	9	1,713	2,904	6,718	6,718
19,294	Total current assets		15,173	8,624	9,765	9,895
Non-current assets						
1,785	Property, plant and equipment	10	1,602	1,607	1,554	1,382
3	Intangible assets	10	2	25	249	274
1,788	Total non-current assets		1,604	1,632	1,803	1,656
21,082	Total assets		16,777	10,256	11,568	11,551
Current liabilities						
5,280	Creditors and other payables	11	8,292	4,228	5,716	5,716
2,159	Employee entitlements	12	2,753	1,851	1,711	1,711
17	Provisions	13	17	-	17	-
9,515	Provision to repay surplus		1,741	-	-	-
16,971	Total current liabilities		12,803	6,079	7,444	7,427
Non-current liabilities						
1,287	Employee entitlements	12	1,150	1,353	1,300	1,300
1,287	Total non-current liabilities		1,150	1,353	1,300	1,300
18,258	Total liabilities		13,953	7,432	8,744	8,727
2,824	Net assets		2,824	2,824	2,824	2,824

Explanations of major variances against the 2022 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2022

The Statement of Cash Flows summarises the cash movements in and out of the Ministry during the financial year.

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	2023 Forecast \$000
Cash flows from operating activities						
50,778	Crown revenue		73,115	48,925	72,587	138,459
1,849	Revenue from departments/Crown entities		3,813	1,515	4,826	3,780
384	Other revenue		287	325	1,325	325
(25,598)	Personnel costs		(30,972)	(22,602)	(36,518)	(53,531)
(17,214)	Operating expenses		(23,477)	(24,509)	(31,228)	(81,920)
(3,134)	Contractual payments to Crown entities		(5,892)	(3,138)	(6,015)	(6,579)
396	Net GST received/(paid)		(1,611)	-	-	-
(70)	Capital charge		(212)	(154)	(141)	(154)
7,391	Net cash flows from operating activities	14	15,051	362	4,836	380
Cash flows from investing activities						
(20)	Purchase of property, plant and equipment		(54)	-	-	-
-	Purchase of intangible assets		-	(250)	(250)	(250)
(20)	Net cash flows from investing activities		(54)	(250)	(250)	(250)
Cash flows from financing activities						
(8,527)	Repayment of surplus		(9,515)	-	(9,517)	-
(8,527)	Net cash flows from financing activities		(9,515)	-	(9,517)	-
(1,156)	Net increase/(decrease) in cash held		5,482	112	(4,931)	130
9,134	Cash at 1 July		7,978	5,608	7,978	3,047
7,978	Total cash at 30 June		13,460	5,720	3,047	3,177

Explanations of major variances against the 2022 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE**Statement of Commitments**

As at 30 June 2022

Non-cancellable operating lease commitments

The Ministry leases property in the normal course of business.

In Wellington, the Ministry rents space at 3 Queens Wharf. The Ministry has a three year right of renewal at 1 September 2021. This commitment is disclosed below.

2021 Actual \$000		2022 Actual \$000
	Non-cancellable operating lease commitments	
1,239	Not later than 1 year	1,239
2,688	Later than 1 year and not later than 5 years	1,453
-	Later than 5 years	-
3,927	Total non-cancellable operating lease commitments	2,692

There are no restrictions placed on the Ministry by its leasing arrangements. The amount disclosed is based on the projected rental rate. Total operating lease cost is expensed on a straight-line basis over the life of the lease.

Capital commitments

The Ministry has no capital commitments as at 30 June 2022 (2021: nil).

Statement of contingent assets and liabilities

As at 30 June 2022

The Ministry has no contingent assets or liabilities as at 30 June 2022 (2021: nil).

The accompanying notes form part of these financial statements.

Ngā pitopito korero korenga rānei ki ngā tauākī pūtea ā te tari | Notes to the Departmental Financial Statements and Non-departmental Schedules

For the year ended 30 June 2022

Note 1: Statement of Accounting Policies

Reporting entity

The Ministry of Transport (the Ministry) is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing the Ministry's operations includes the Public Finance Act 1989, the Public Service Act 2020, and the Land Transport Management Act 2003. The Ministry's ultimate parent is the New Zealand Crown.

The Ministry reports on the departmental financial statements and separately on the non-departmental schedules, which present financial information on public funds managed by the Ministry on behalf of the Crown.

The primary objective of the Ministry is to provide policy services to the Government rather than making a financial return. Accordingly, the Ministry has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The departmental financial statements and the financial information reported in the non-departmental schedules are consolidated into the Financial Statements of the Government and therefore readers of these schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2022.

The financial statements of the Ministry are for the year ended 30 June 2022. These financial statements were authorised for issue by the Chief Executive on 30 September 2022.

Basis of preparation

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

Statement of compliance

The financial statements and unaudited forecast financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Treasury Instructions. Measurement and recognition rules applied in the preparation of the non-departmental schedules are consistent with NZ GAAP and Crown accounting policies and are detailed in the Financial Statements of the Government. These Financial Statements have been prepared in accordance with Tier 1 NZ PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of specified assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

FINANCIAL PERFORMANCE

Standards issued that are not yet effective and have not been early adopted

Standards and amendments issued but not yet effective, that have not been early adopted, and which are relevant to the Ministry, are:

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Ministry has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Ministry has determined the main impact of the new standard is that additional information will need to be disclosed on those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information.

Changes in accounting policies

There have been no changes in accounting policies this financial year.

Significant accounting policies

Revenue Crown – non-exchange

Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Revenue other – exchange

Other revenue is recognised when earned and is reported in the financial period to which it relates. Revenue is measured at the fair value of the consideration received or receivable.

Equity

Equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits on call with banks.

Income tax

The Ministry is a public authority and so is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided.

Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of 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.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Statement of cost allocation policies

The Ministry has determined the cost of outputs using the following cost allocation system:

Direct costs are expenses incurred from activities specifically attributable to producing an output. These costs are charged directly to the relevant output classes.

Indirect costs are those costs that cannot be identified with a specific output. Indirect costs are allocated to each output through a two-stage process. The costs are assigned to cost centres within the Ministry, and then the costs are allocated to outputs based on a proportion of staff time attributable to the outputs of that cost centre.

There have been no changes in general cost allocation policies since the date of the last audited financial statements.

Forecast figures

Basis of preparation

The forecast figures, representing the Forecast Financial Statements, are those published in the BEFU for the year ended 30 June 2023, and are prepared in accordance with PBE FRS 42.

The figures have been prepared in accordance with:

- the accounting policies expected to be used in the future for reporting historical general purpose financial statements
- NZ PBE IPSAS
- the PFA to communicate forecast financial information for accountability purposes
- the BEFU for the year ended 30 June 2023, incorporating assumptions as to future events that the Ministry reasonably expects to occur, and associated with the actions it reasonably expects to take
- existing government policies and ministerial expectations at the date that the information was prepared.

The information in those statements may not be appropriate for purposes other than those described.

The main assumptions were as follows:

- The Ministry's activities and output expectations will remain substantially the same as the previous year focusing on government priorities (with the exception of the hosting of the Auckland Light Rail Unit).

- The costs associated with hosting the Auckland Light Rail Unit within the Ministry have been included on the basis of the full 2022/23 funding for the detailed planning phase of the project approved through Budget 2022. It is intended that the detailed planning phase will eventually be delivered through a separate entity, but at the time of setting the budget the timing of this transition was unclear.
- There were a number of instances of significant one-off funding in 2021/22.
- Personnel costs were based on fully budgeted established positions including a 2% increase based on current salary for those eligible for an increase. We have applied the pay restraint guidance from the Public Service Commission.
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

Authorisation statement

The Forecast Financial Statements were authorised for issue by the Chief Executive of the Ministry on 11 April 2022. The Chief Executive is responsible for the Forecast Financial Statements presented, including the appropriateness of the underlying assumptions and all other required disclosures.

Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions made in preparing these Financial Statements.

We have considered the impacts of COVID-19 and do not believe any material accounting issues have arisen due to this.

We have performed a sensitivity analysis of increases in expected credit losses relating to motor vehicle registration fees and road user charge revenue in Note 7 of the non-departmental financial statements.

FINANCIAL PERFORMANCE

Note 2: Revenue Crown

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
51,754	Transport – Policy advice, ministerial servicing, governance, and other functions	53,367	53,367	64,342
3,675	Search and Rescue Activity Coordination PLA	4,718	4,718	6,094
-	- Auckland Light Rail Unit MYA	-	9,902	68,023
55,429	Total revenue Crown	58,085	67,987	138,459

Note 3: Other Revenue

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
1,726	Crown entities and other departments	4,021	4,826	3,780
148	Milford Sound/Piopiotaahi Aerodrome landing fees	90	325	325
119	Other recoveries	121	1,000	-
1,994	Total other revenue	4,232	6,151	4,105

Note 4: Personnel Expenses

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
24,488	Salary and wages	29,625	34,616	50,695
723	Employer contributions to defined contribution schemes	831	994	1,269
378	Other personnel costs	647	619	1,239
	Changes to provisions			
25	Annual leave	414	(56)	(63)
29	Long service leave	82	(65)	(73)
(151)	Retirement leave	(195)	338	381
25,492	Total personnel expenses	31,404	36,446	53,448

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund.

Note 5: Other Operating Expenses

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
11,799	Consultant, research and legal expenses	15,754	22,931	70,053
2,191	Other operating expenses	2,026	3,603	6,636
3,160	Information technology expenses	3,250	2,845	2,837
1,430	Operating lease payments	1,536	1,714	2,236
186	Advertising and publicity	164	80	63
102	Audit NZ – the financial statement audit	148	127	162
37	Audit NZ – fees for other services	22	-	-
18,905	Total other operating expenses	22,901	31,300	81,986

The fees for other services from the auditor were for assurance services over the Essential Transport Connectivity scheme (2021: assurance services over the Essential Transport Connectivity, International Air Freight Capacity and Maintaining International Air Connectivity schemes).

Note 6: Contractual Payments to Crown Entities

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
	Waka Kotahi NZ Transport Agency:			
800	For rules programme activity	-	800	800
734	For fuel excise duty refund activity	4,292	3,615	4,179
800	Civil Aviation Authority: for rules programme activity	800	800	800
800	Maritime New Zealand: for rules programme activity	800	800	800
3,134	Total contractual payments to Crown entities	5,892	6,015	6,579

Note 7: Capital Charge

The Ministry pays a capital charge to the Crown based on its taxpayers' funds as at 30 June and 31 December each year for the previous 6 months. The capital charge rate for the year ended 30 June 2022 was 5 percent for both payments (2021: 5 percent for both payments).

FINANCIAL PERFORMANCE

Note 8: Equity

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
Taxpayers' funds				
1,947	Balance at 1 July	1,947	1,947	1,947
9,515	Net surplus/(deficit)	1,741	-	-
(9,515)	Provision to repay surplus	(1,741)	-	-
1,947	Balance at 30 June	1,947	1,947	1,947
Property revaluation reserve				
877	Balance at 1 July	877	877	877
877	Balance at 30 June	877	877	877
2,824	Total equity	2,824	2,824	2,824

Note 9: Debtors, Prepayments and Other Receivables

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
Non-exchange				
11,047	Due from the Crown	-	6,448	6,448
-	GST receivable	273		
Exchange				
168	Other receivables	938	169	169
101	Prepayments	502	101	101
11,316	Total debtors, prepayments and other receivables	1,713	6,718	6,718

The carrying value of debtors, prepayments and other receivables approximates their fair value. Other receivables greater than 30 days in age are considered to be past due. Receivables of \$287 were past due at 30 June 2022 (2021: \$135).

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Ministry applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. We have excluded receivables from government departments and Crown entities as there has been no indication that these receivables will not be collected.

A doubtful debt is created when there is no reasonable expectation of recovery for specific debts. The Ministry has no doubtful debt provisions as at 30 June 2022 (2021: nil).

Note 10: Property, Plant and Equipment and Intangible Assets

	Leasehold improvements \$000	Plant and equipment \$000	Milford Sound/ Piopiotahi Aerodrome \$000	Intangible assets \$000	Total \$000
Cost or valuation					
Balance at 1 July 2020	931	100	1,286	433	2,750
Additions	-	20	-	-	20
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2021	931	120	1,286	433	2,770
Balance at 1 July 2021	931	120	1,286	433	2,770
Additions	-	54	-	-	54
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2022	931	174	1,286	433	2,824
Accumulated depreciation					
Balance at 1 July 2020	205	100	13	428	746
Depreciation	175	4	55	2	236
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2021	380	104	68	430	982
Balance at 1 July 2021	380	104	68	430	982
Depreciation	175	7	55	1	238
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2022	555	111	123	431	1,220
Carrying amounts					
At 30 June 2020	726	20	1,273	5	2,024
At 30 June 2021	551	16	1,218	3	1,788
At 30 June 2022	376	63	1,163	2	1,604
Unaudited forecast at 30 June 2023	202	56	1,107	1	1,366

FINANCIAL PERFORMANCE**Additions**

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When a revalued asset is sold, the amount included in the property revaluation reserve in respect of the disposed asset is transferred to taxpayers' funds.

Depreciation/Amortisation

Depreciation/Amortisation is provided on a straight-line basis on all property, plant, equipment and intangible assets.

Asset class	Useful life	Depreciation rate
Leasehold improvements	To lease expiry date	18.18% per annum
Milford Sound/Piopiotaahi Aerodrome	3-100 years	1-33.3% per annum
Plant and equipment	2-10 years or to lease expiry date	10-50% per annum
Software	3-5 years	20-33.3% per annum

The Ministry threshold for fixed asset recognition is \$5,000 per item in line with Treasury guidance. Milford Sound/Piopiotaahi Aerodrome (the aerodrome) is revalued on a five yearly cycle. The aerodrome was valued at 31 March 2020 by an independent valuer, M Wyatt (Principal Engineer – Strategic Asset Management) of AECOM NZ Limited. The valuation was based on the aerodrome's optimised depreciated replacement cost. Impairment of the valuation is reassessed annually. The effects of COVID-19 have not materially affected the valuation.

The only intangible asset is purchased software. There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities.

There was no work in progress asset as at 30 June 2022 (2021: \$nil).

Note 11: Creditors and Other Payables

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
	Exchange			
2,025	Accrued expenses	1,796	4,077	4,077
-	Deferred revenue	3,983	-	-
1,615	Trade creditors under exchange transactions	2,009	-	-
301	Revenue received in advance	504	302	302
	Non-exchange			
1,338	GST payable	-	1,337	1,337
5,279	Total creditors and other payables	8,292	5,716	5,716

Note 12: Employee Entitlements

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
	Current liabilities			
435	Accrued salary	688	210	210
1,504	Annual leave	1,822	1,294	1,294
80	Long service leave	163	163	163
115	Retirement leave	55	44	44
25	Sick leave	25	-	-
2,159	Total of current portion	2,753	1,711	1,711
	Non-current liabilities			
226	Long service leave	224	224	224
1,061	Retirement leave	926	1,076	1,076
1,287	Total of non-current portion	1,150	1,300	1,300
3,446	Total employee entitlements	3,903	3,011	3,011

The present value of the retirement and long service leave obligations depends on a number of factors. Two key factors are the discount rate and the salary-inflation factor. These are detailed below. Any changes in these assumptions will change the carrying amount of the liability.

Discount rate			Salary Inflation		
	2022	2021		2022	2021
Year 1	3.34%	0.38%	Year 0	0.00%	0.00%
Year 2	3.70%	0.81%	Year 1	2.00%	2.00%
Year 3+	4.29%	3.08%	Year 2+	3.01%	3.08%

FINANCIAL PERFORMANCE

Note 13: Provisions

	Holidays Act compliance \$000	Total \$000
Balance at 1 July 2020	35	35
New provision	-	-
Release of provision	(18)	(18)
Balance at 1 July 2021	17	17
New provision	-	-
Release of provision	-	-
Balance at 30 June 2022	17	17
Current liabilities	17	17
Non-current liabilities	-	-

The Ministry's payroll system was non-compliant with the Holidays Act 2003. The Ministry has been working with an external consultant to find a solution to ensure compliance with the Act. A provision has been created based on the current estimate of the Ministry's liability to remediate any payroll underpayments due to the non-compliance with the Act. A number of payments have been made to both previous and current employees. An additional provision was created to reflect the updated estimate of payments yet to be made.

Note 14: Reconciliation of the Net Surplus in the Statement of Comprehensive Revenue and Expense with Net Cash Flows from Operating Activities in the Statement of Cash Flows

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
9,515	Net surplus	1,741	-	-
	Add non-cash items			
234	Depreciation of property, plant and equipment	237	235	172
2	Amortisation of intangible assets	1	1	225
236	Total of non-cash items	238	236	397
	Add/(deduct) movements in working capital items			
(3,634)	(Increase)/decrease in debtors and other receivables	9,875	4,600	-
1,348	Increase/(decrease) in payables and provisions	2,740	-	(17)
(74)	Increase/(decrease) in employee entitlements	457	-	-
(2,360)	Net movements in working capital items	13,072	4,600	(17)
7,391	Net cash flows from operating activities	15,051	4,836	380

Note 15: Categories of Financial Instruments

2021 Actual \$000		2022 Actual \$000	2022 Forecast \$000	2023 Forecast \$000
	Financial assets measured at amortised cost			
7,978	Cash and cash equivalents	13,460	3,047	3,177
11,215	Debtors and other receivables	938	6,718	6,718
	Financial liabilities measured at amortised cost			
3,640	Creditors and other payables	7,788	5,716	5,716

Note 16: Related Party Information

The Ministry has not made related party disclosures for transactions with related parties within a normal supplier or client/recipient relationship, on terms and conditions no more or less favourable than those it is reasonable to expect the Ministry would have adopted, in dealing with the party at arm's length in the same circumstances. In addition, the Ministry has not disclosed as related transactions any transactions with other government agencies (e.g. departments and Crown entities), when the transactions are consistent with the normal operating arrangements between government agencies and undertaken on normal terms and conditions.

The Ministry received revenue from other entities controlled by the Crown to reimburse it for costs – detailed in Note 3.

The Ministry also purchased transport outputs from other transport entities controlled by the Crown – detailed in Note 6.

Transactions with key management personnel

The Ministry did not enter into any transactions with key management personnel or their close families in 2021/22 (2021: nil).

Key management personnel compensation

2021 Actual \$000		2022 Actual \$000
2,092	Salaries and other short-term employee benefits	2,023
2,092	Total key management personnel compensation	2,023

For the year ending 30 June 2022, key management personnel comprised of 7 FTE (2021: 7 FTE), including the Chief Executive and the members of the Senior Leadership Team.

In 2021/22, no termination benefits were paid to key management personnel (2021: no termination benefits were paid to key management personnel).

FINANCIAL PERFORMANCE**Note 17: Explanation of Major Variances against Budget 2022 Figures**

Explanations for major variances from the Ministry's original 2021/22 budget figures are as follows:

Statement of Comprehensive Revenue and Expense**Revenue****Revenue Crown**

Crown revenue was \$9.160 million higher than originally budgeted mostly due to funding being carried forward from 2020/21 to 2021/22 including funding Community Connect Transport Card, Domestic Transport Costs and Charges Study, Future of Rail, Resource Management Act reform and the Generational Investment Approach.

Other revenue

Other revenue was exceeded budget by \$2.392 million due to additional funding approved for the Ministry's policy work programme on the Auckland Light Rail project, funded by Waka Kotahi

Expenses**Personnel Expenses**

Personnel costs were greater than budgeted by \$8.882 million due to higher staff numbers hired to for the above-mentioned initiatives as well as a number of new initiatives within the Transport sector in 2021/22 that required additional resource. These initiatives include approved programs funded under section 9 of the Land Transport Management Act 2003, Auckland Light Rail project, Road to Zero programme, New Zealand Freight and Supply Chain Strategy, Maintaining International Air Connectivity scheme and Maritime Security programme.

Other Operating Expenses

Other operating expenses were under budget by \$1.653 million primarily relating to underspends on consultants and contractors. This was due to resource unavailability and continued delays caused by COVID-19 on the Domestic Transport Costs and Charges Study, Future of Rail, Resource Management Act reform and work on the Milford Sound/Piopiotaahi Aerodrome.

Contractual payments to Crown entities

Contractual payments to Crown entities were higher than plan by \$2.7m due to additional funding approved under section 9 of the Land Transport Management Act 2003 for administration of Fuel Excise Duty refunds.

Statement of Financial Position**Assets****Cash**

Cash and cash equivalents are higher than budget by \$7.740 million due to the underspends discussed above as several projects were delayed resulting in lower than forecasted cash outflow.

Debtors, prepayments and other receivables

The actual debtors balance was \$1.463 million less than originally budgeted. This is largely due to lower than planned revenue from third parties.

Liabilities**Creditors and other payables**

Creditors and other payables were higher the budget by \$3.792 million primarily due to higher accrued expenses in relation to additional initiatives delivered during the year.

Provision to repay surplus

Due to the underspend in 2021/22, the Ministry has recognised a surplus of \$1.741 million which will be repaid to the Crown.

Statement of Cash Flows

The net increase in cash from operating activities was higher due mostly to higher staff numbers recruited to resource several new Transport initiatives. Cash outflows from investing activities were higher than expected due to the repayment of surplus to the Crown.

Note 18: Events after Balance Sheet Date

From 1 July 2022, the Ministry has been temporarily hosting the Auckland Light Rail Unit and Board as it begins work on the detailed planning phase for light rail in Auckland. These activities are being funded through a separate departmental multi-year appropriation and will result in higher expenditure (primarily personnel, consultant and contractor costs) for the Ministry in 2022/23. Work is underway to establish a separate legal entity for Auckland Light Rail which means that the Unit and Board will transfer into a new entity during 2022/23.

Ngā korenga apiti ā te tari me ngā tauākī | Non-departmental Schedules and Statements

Schedule of Non-Departmental Revenue and Receipts

For the year ended 30 June 2022

This schedule summarises revenue and receipts the Ministry collects on behalf of the Crown.

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
2,094,013	Indirect taxation	2	2,013,822	2,093,338	2,042,466
206	Other 'sovereign power' revenue	3	25,063	1,300	22,062
11,774	Other operational revenue	4	161,362	8,760	208,760
(38,854)	Share of net asset increase/(decrease) in joint ventures	8	(198,461)	-	-
2,067,139	Total non-departmental revenue and receipts		2,001,786	2,103,398	2,273,288

Schedule of Non-Departmental Expenses

For the year ended 30 June 2022

This schedule summarises expenses the Ministry administers on behalf of the Crown.

Further details are provided in the appropriation statements.

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
3,304,144	Non-departmental output classes	5	3,712,540	3,716,760	3,697,116
556,280	Other expenses to be incurred by the Crown	6	586,652	153,402	830,702
508,200	Non-departmental multi-category appropriation expenses		229,834	98,227	300,854
2,949	Bad debts expense		24,771	4,000	26,000
17,410	Movement in doubtful debts provision		(14,147)	-	-
600,025	GST expenses		616,510	595,731	728,073
4,989,008	Total non-departmental expenses		5,156,161	4,568,120	5,582,745

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2022.

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Schedule of Non-Departmental Assets

For the year ended 30 June 2022

This schedule summarises the assets and liabilities the Ministry administers on behalf of the Crown.

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
Current assets					
39,290	Cash and cash equivalents		67,625	28,119	28,668
174,041	Receivables	7	56,339	80,168	39,158
Non-current assets					
918,983	Investment in joint ventures	8	1,149,973	1,561,791	1,396,277
1,132,314	Total non-departmental assets		1,273,937	1,670,078	1,464,103

In addition, the Ministry monitors four Crown entities:

- Civil Aviation Authority (which includes the Aviation Security Service)
- Maritime New Zealand
- Waka Kotahi NZ Transport Agency
- Transport Accident Investigation Commission.

The investment in these entities is recorded within the Crown financial statements on a line-by-line basis.

No disclosure is made in this schedule.

Schedule Of Non-Departmental Liabilities

For the year ended 30 June 2022

This schedule summarises the liabilities the Ministry administers on behalf of the Crown.

2021 Actual \$000		Note	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
Current liabilities					
605,820	Payables	10	623,823	474,992	466,034
605,820	Total non-departmental liabilities		623,823	474,992	466,034

The accompanying notes form part of these financial statements.

Statement of Non-Departmental Commitments

For the year ended 30 June 2022

This statement records those expenses to which the Crown is contractually committed and which will become liabilities, if and when the terms of the contracts are met.

2021 Actual \$000		2022 Actual \$000
	Operating commitments	
51,347	Other non-cancellable contracts for the supply of goods and services	25,724
51,347	Total operating commitments	25,724
	Term classification of commitments	
25,623	Not later than 1 year	25,724
25,724	Later than 1 year and not later than 5 years	-
-	Later than 5 years	-
51,347	Total operating commitments	25,724

Statement of Non-Departmental Contingent Liabilities

For the year ended 30 June 2022

This statement discloses situations which exist at 30 June 2022, the ultimate outcome of which is uncertain and will be confirmed only on the occurrence of one or more future events after the date of approval of the financial statements.

2021 Actual \$000		2022 Actual \$000
10,000	Transport Accident Investigation Commission emergency guarantee	10,000
10,000	Total contingent liabilities	10,000

The Minister of Finance has issued a \$10 million guarantee to the Transport Accident Investigation Commission, for use in the event of a major transport accident (air, rail or marine) where the Commission would have to hire specialist recovery equipment. This is expected to be a near permanent guarantee.

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Ngā korero pitopito apiti korenga ā te tari | Notes to Non-departmental Schedules and Statements

For the year ended 30 June 2022

Note 2: Indirect Taxation

Indirect taxation and the Clean Car Discount fee is deemed to be non-exchange revenue, for the purposes of these financial statements. All other revenue is deemed to be exchange.

Revenues from road user charges track user charges, motor vehicle licensing fees and Clean Car Discount fees are recognised on an accrual basis. Revenues from tolling and infringement fees are recognised on a cash basis.

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
1,930,199	Road user charges	1,832,343	1,945,503	1,845,829
-	Track User Charges	7,234	7,500	7,500
231,406	Motor vehicle registration fees	234,221	221,745	237,673
2,161,605	Sub-total	2,073,798	2,174,748	2,091,002
(67,592)	Fuel excise duty refunds	(59,976)	(81,410)	(48,536)
2,094,013	Total indirect taxation	2,013,822	2,093,338	2,042,466

Note 3: Other 'Sovereign Power' Revenue

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Clean Car Discount Fee	24,966	-	20,762
206	Infringement fees – tolls and other	97	1,300	1,300
206	Total other 'sovereign power' revenue	25,063	1,300	22,062

Note 4: Other Operational Revenue

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
11,290	Tolling revenue (note 10)	9,572	8,400	8,400
484	Road user charges administration fees	536	360	360
-	Revenue from vesting of asset from City Rail Link Limited	151,254	-	200,000
11,773	Total other operational revenue	161,362	8,760	208,760

Note 5: Non-Departmental Output Classes

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
3,304,144	This expense item is equal to the appropriations for non- departmental output classes listed in the appropriation statements	3,712,540	3,716,760	3,697,116
3,304,144	Total non-departmental output classes	3,712,540	3,716,760	3,697,116

Note 6: Other Expenses to be Incurred by the Crown

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
556,280	This expense item is equal to the appropriations for non-departmental other expenses listed in the appropriation statements, less bad debts	586,653	153,402	830,702
556,280	Total other expenses to be incurred by the Crown	586,653	153,402	830,702

FINANCIAL PERFORMANCE

Note 7: Receivables

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
	Non-exchange revenue			
26,786	Motor vehicle registration fees	24,448	24,392	12,187
59,278	Road user charge revenue	43,910	53,981	26,971
-	- Track User Charges	2,767	-	-
-	- Clean Car Discount Fees	5,231	-	-
-	- Output funding receivable from Waka Kotahi New Zealand Transport Agency	10,035		
86,064	Total non-exchange revenue receivables	86,391	78,373	39,158
	Exchange revenue			
2,883	Tolling revenue	2,707	1,795	-
132,000	KiwiRail return of insurance funding	-	-	-
134,883	Total exchange revenue receivables	2,707	1,795	-
220,947	Sub-total	89,098	80,168	39,158
(46,906)	Provision for doubtful debts	(32,760)	-	-
174,041	Total receivables	56,339	80,168	39,158

For Motor Vehicle Registration fees and Road User Charge revenue, debts are assessed for impairment regularly and provision made for non-collectable debts using the simplified expected credit loss model of recognising lifetime expected credit losses for receivables, as shown above.

There has been a decrease in total Road User Charge receivables from 2021 due to \$24.771 million in bad debts written off during the current financial period (2021: \$2.949 million). A substantial amount of the bad debt that has been written off during the current financial period is made up of debt that was due for write-off in 2021. External debt collection efforts were paused during the lockdown stages of each COVID-19 outbreak and debtors given more time to pay debts before referral to debt collection. While this eased financial and other pressures for debtors, it led to an increase in Road User Charge debt that has gone unpaid. The bad debt appropriation level for 2022 was increased to \$26m (2020/21: \$8m) to allow for this write-off.

Motor Vehicle Registration Fees receivables represent fees collected mainly via the agents network and they are current i.e. not past due.

The ageing profile of receivables is shown below.

2020/2021				2021/2022		
Gross \$000	Impairment \$000	Net \$000		Gross \$000	Impairment \$000	Net \$000
36,738	2,978	33,760	Not past due	53,338	3,174	50,165
4,889	3,229	1,660	Past due 1-30 days	3,277	1,865	1,412
3,569	2,512	1,057	Past due 31-60 days	3,047	2,142	905
6,593	5,674	919	Past due 61-90 days	6,810	5,667	1,143
37,158	32,514	4,644	Past due > 90 days	22,626	19,912	2,714
88,947	46,907	42,040	Total	89,098	32,760	56,339

FINANCIAL PERFORMANCE

The expected credit loss rates for receivables at 30 June 2022 are based on the payment profile of revenue on credit over the prior one year at the measurement date. The corresponding historical credit losses experienced for that period are adjusted for current and forward-looking macroeconomic conditions in place at balance date. Receivables have been assessed on a collective basis as they possess shared credit risk characteristics, except for the significant debtors (with a customer total debt owing of over \$10k) whose recovery rate has been assessed individually. The receivables have been grouped on the days past due.

The allowance for credit losses at 30 June 2022 was determined as follows:

30 June 2022	Receivable days past due					
	Current	More than 30 days	More than 60 days	More than 90 days	More than 180 days	Total
Expected credit loss rate	7.33%	56.90%	70.31%	83.21%	88.00%	41.42%
Gross carrying amount (\$000)	43,324	3,277	3,047	6,810	22,626	79,084
Lifetime expected credit loss (\$000)	3,174	1,865	2,142	5,667	19,912	32,760

A sensitivity analysis of increases in the expected credit losses due to the impact of current economic conditions is presented below. The scenarios are based on various percentages of potential increase in the outstanding Road User Charges debt assessments which will result in a proportional increase in the respective expected credit loss over the lifetime of debt. The resulting increases in the impairment of receivables as a direct result of the impact of current economic conditions on the expected credit losses is not considered to have a material impact on the balance sheet.

	Actual increase in loss \$000	10% increase in loss \$000	15% increase in loss \$000	20% increase in loss \$000	30% increase in loss \$000
Not past due	3,174	3,449	3,587	3,725	4,000
Past due 1-30 days	1,865	2,025	2,106	2,186	2,347
Past due 31-60 days	2,142	2,339	2,437	2,535	2,731
Past due 61-90 days	5,667	6,059	6,751	6,759	6,759
Past due over 90 days	19,912	19,912	22,458	22,458	22,458
Total	32,760	33,785	37,339	37,662	38,295
Movement	-	1,025	4,579	4,902	5,535
Percentage of movement		3%	14%	15%	16%

FINANCIAL PERFORMANCE

Note 8: Investment in Joint Ventures

2021 Actual \$000		2022 Actual \$000
15,583	Joint venture airports	16,489
903,400	City Rail Link Limited	1,133,485
918,983	Total investment in joint ventures	1,149,973

Joint Venture Airports

2021 Actual \$000		2022 Actual \$000
1,125	Gains/(losses) generated by joint ventures	(548)
1,125	Share of net asset increase/(decrease) in joint ventures	(548)
299	Capital payments made during the year	1,453
1,424	Total change in investment value	905

Investments in joint venture airports are accounted for using the equity method, represented by the increase or decrease in post-acquisition net assets.

The Crown has a 50% interest in each airport (Taupō, Whanganui, Westport, Whakatāne, Whangārei), with the other 50 percent held by the local council. The Crown has a commitment to 50 percent of operating losses and 50 percent of capital expenses once jointly approved. The value of the investment at 30 June 2022 is based on the annual financial statements of each airport for the year ended 30 June 2021, plus capital contributions from the Crown during the year ended 30 June 2022.

City Rail Link Limited

2021 Actual \$000		2022 Actual \$000
(39,979)	Gains/(losses) generated by joint ventures	(197,913)
(39,979)	Share of net asset increase/(decrease) in joint ventures	(197,913)
395,000	Capital payments made during the year	428,000
355,021	Total change in investment value	230,087

City Rail Link Limited (CRL) is a jointly controlled Crown entity company, co-funded by the Crown and Auckland Council, for the purpose of designing and constructing the Auckland City Rail Link (an underground rail line between the city centre and the existing western line).

For the year ended 30 June 2022, CRL recognised revenue of \$1.4 million (2021: \$3 million), a deficit of \$396 million (2021: \$80 million), assets of \$2,346 million (2021: \$1,878 million), liabilities of \$79 million (2021: \$71 million) and equity of \$2,267 million (2021: \$1,807 million).

The Crown also recognises a 50% share of capital commitments held by CRL of \$940 million (2021: \$1,676 million).

City Rail Link Limited COVID-19 additional cost claims

The Link Alliance is delivering the biggest package of works for the Auckland City Rail Link. CRL has paid \$4.05 million for COVID-19 claims by Link Alliance in the financial year ended 30 June 2022 and a total of \$13.69 million from commencement of the Link Alliance (July 2019 to 30 June 2022). CRL has received additional claims from Link Alliance for COVID-19 costs. These claims cover the period 20 June 2020 to 30 June 2022 and are currently being reviewed by an independent estimator appointed by Link Alliance participants. The claims are material and complex, and until CRL and the other Link Alliance participants have received and considered the work of the independent estimator it is not possible to provide a reliable estimate or robust guidance on the likely outcome of such claims or the quantum of any settlement. CRL anticipate settlement of the claims will occur in 2022/23. CRL has indicated they will seek funding for the settlement of any claims from its sponsors.

Note 9: Investment in the Northern Gateway Toll Road

The Crown contributed \$158 million to the construction of the Northern Gateway toll road. It issued infrastructure bonds to fund this. The toll revenue from the road is intended to cover the costs of the bonds. Tolling began in February 2009 and this revenue is recorded as other operational revenue in Vote Transport (Note 4).

It was agreed a notional account would be kept of the 'cost' of the project, with an estimated interest rate charged on the contribution. The interest charge is calculated daily, based on the outstanding balance, plus interest, less tolling revenue received. The interest rate used is 2.85 percent – the weighted average cost of the Treasury's nominal bonds outstanding as at 30 June 2022. This rate will be reviewed annually.

The project was modelled using an estimated rate of 6.4 percent. Further information is available at www.tollroad.govt.nz

Since the commencement of the project

2021 Actual \$000		2022 Actual \$000
158,000	Funding provided for construction	158,000
155,703	Notional interest charged since funding first drawn	161,626
(105,865)	Tolling revenue since February 2009	(115,437)
207,838	Balance at 30 June	204,189

Current year

2021 Actual \$000		2022 Actual \$000
213,076	Balance at 1 July	207,838
6,052	Notional interest charge for the year	5,923
(11,290)	Tolling revenue for the year	(9,572)
207,838	Balance at 30 June	204,189

FINANCIAL PERFORMANCE

Note 10: Payables

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
524,850	National Land Transport Fund revenue and output funding payable to Waka Kotahi New Zealand Transport Agency	522,594	400,000	400,000
25,793	GST payable	16,656	29,087	25,794
12,669	Motor vehicle registration third party collections	13,867	19,773	-
19,197	Output funding payable to KiwiRail	32,585	21,379	21,379
3,045	Road user charges refunds	3,532	4,753	18,861
1,241	Output funding payable to Maritime New Zealand	2,075	-	-
196	Output funding payable to Civil Aviation Authority	2,655	-	-
15,431	Output funding payable to Air New Zealand	24,147	-	-
3,398	Output funding payable to other parties	5,712	-	-
605,820	Total payables	623,823	474,992	466,034

Note 11: Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the PBE IPSAS 29 categories are as follows:

2021 Actual \$000		2022 Actual \$000
Financial assets measured at amortised cost		
39,290	Cash and cash equivalents	67,625
134,883	Receivables and advances	17,973
174,173	Total loans and receivables	85,598
Financial liabilities measured at amortised cost		
564,313	Payables	589,768
564,313	Total financial liabilities measured at amortised cost	589,768

Credit risk is the risk a third party will default on its obligation, causing a loss to be incurred. Credit risk arises from debtors and deposits with banks.

Funds must be deposited with Westpac, a registered bank.

The maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac, there are no significant concentrations of credit risk.

Note 12: Explanation of Major Variances Against Budget

Explanations for major variances from the Ministry's non-departmental 2021/22 budget figures are as follows:

Schedule of non-departmental revenue and receipts

Total revenue and receipts were \$102 million lower than originally budgeted. Road User Charge revenue was \$113 million lower than budgeted due to the ongoing impacts of COVID-19 and the associated lockdowns and reduced movement on vehicle kilometres travelled. In addition, temporary reductions in the Road User Charge (by 36%) as part of the response to cost of living pressures from May 2022 further reduced actual Road User Charge revenue.

There was also the recognition of the Crown's share of City Rail Link Limited's losses of \$198 million, which was not budgeted for. The losses made by City Rail Link Limited primarily relates to the vesting of assets associated with the City Rail Link project to Auckland Transport and KiwiRail.

These variances are partly offset by higher than budgeted revenue for:

- the vesting of assets from City Rail Link through the Crown to KiwiRail (\$151 million)
- new revenue from the charge introduced on higher emitting vehicles through the Clean Vehicle Discount Scheme (\$25 million)
- lower than budgeted fuel excise duty refunds (\$21 million); and
- higher than budgeted motor vehicle registrations (\$12 million).

Schedule of non-departmental expenses

Non-departmental expenses were \$588 million higher than originally budgeted. This is largely due to a number of new transport initiatives approved subsequent to the Budget being finalised. In particular:

- extensions to the Maintaining International Air Connectivity Scheme from 31 October 2021 to cover the full 2021/22 financial year (and beyond)
- funding approved to support the National Land Transport Fund due to decisions to provide temporary reductions to Road User Charges, Fuel Excise Duty and Public Transport Fares as a response to increased costs of living
- funding to support the administration and payment of rebates under the Clean Vehicle Discount Scheme; and
- funding to cover cost pressures on the National Land Transport Fund as a result of COVID-19.

Schedule of non-departmental assets

The Crown's investment in joint ventures was \$412 million lower than budgeted. This was primarily due to a \$428 million contribution from the Crown to City Rail Link Limited, when the budget was based on a \$584 million contribution. This has been driven by delays caused by ongoing supply chain challenges for material and skilled labour required for the project, along with the loss of construction time with COVID-19 lockdowns in Auckland. There was also the recognition of the Crown's share of City Rail Link Limited's losses of \$198 million, which was not budgeted for. The losses made by City Rail Link Limited primarily relates to the vesting of assets associated with the City Rail Link project to Auckland Transport and KiwiRail.

Schedule of non-departmental liabilities

Non-departmental liabilities were \$139 million more than originally budgeted. Payables can fluctuate significantly depending on the timing of claims from transport sector entities and the timing of payments. In addition, the significant increase in expenditure from what was originally budgeted has resulted in higher payables in general.

FINANCIAL PERFORMANCE

Ngā tauākī tika | Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation, or other authority administered by the Ministry for the year ended 30 June 2022.

Annual and permanent appropriations for Vote Transport

2021 Actual \$000	Appropriation title	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	End-of-year performance information location*
Departmental output expenses					
-	Auckland Light Rail Unit MYA	-	-	9,902	1
2,266	Search and Rescue Activity Coordination PLA	3,969	5,030	4,718	1
1,225	Search and Rescue Training and Training Coordination	1,302	1,300	1,659	1
44,416	Transport – Policy advice, ministerial servicing, governance, and other functions	54,918	44,340	57,268	1
47,907	Total departmental output expenses	60,189	50,670	73,547	
Departmental capital expenditure					
20	Ministry of Transport – Capital Expenditure PLA	53	250	250	1
20	Total departmental output expenses	53	250	250	
Non-departmental output expenses					
6,071	Accident or Incident Investigation and Reporting	7,247	7,092	7,247	2
114	Administration of the Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme	149	178	242	4
-	Clean Car Standard – Operation	1,919	5,957	4,957	3
-	Clean Vehicle Discount Administration Costs PLA	488	-	2,000	3
775	Crash Analysis	-	-	-	3
1,500	Enhanced Road Maintenance – State Highways	-	-	-	3
-	Funding for Temporary Decreases in Fuel Excise Duty, Road User Charges, Public Transport Fares and Railway Track User Charges MYA	410,949	-	331,500	3
1,201	Health and Safety at Work Activities – Civil Aviation	1,201	1,201	1,201	4
6,192	Health and Safety at Work Activities – Maritime	6,194	6,194	6,194	5
-	Land Transport Regulatory Services	3,119	3,873	3,873	3

FINANCIAL PERFORMANCE

2021 Actual \$000	Appropriation title	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	End-of-year performance information location*
1,927	Licensing Activities	-	-	-	3
145	Maritime Port Security	-	-	-	4
-	Maritime Regulatory and Response Services	9,246	9,299	9,299	5
548	Ministerial Servicing by the New Zealand Transport Agency	-	-	-	3
3,122,419	National Land Transport Programme PLA	2,779,212	3,193,612	2,718,481	3
103,043	Protection of Transport Sector Agency Core Functions MYA	127,053	147,060	165,866	4,5
3,989	Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Functions MYA	7,700	-	7,782	3
-	Rail – Grants	2,567	27,000	8,958	7
1,424	Rail – Maintaining an Electric Locomotive Fleet MYA	10,587	23,365	10,912	7
-	Rail – Maintenance and Renewal of the Rail Network	286,605	236,300	360,092	7
3,779	Road User Charges Investigation and Enforcement	4,986	3,779	4,986	3
450	Road User Charges Refunds	3,156	450	3,156	3
3,231	Search and Rescue Activities	-	-	-	5
22,532	Search and Rescue and Recreational Boating Safety Activities PLA	24,539	25,777	24,747	6
95	SuperGold card – Administration of the Public Transport Concessions Scheme	-	-	-	3
24,708	Weather Forecasts and Warnings	25,623	25,623	25,623	6
3,304,144	Total non-departmental output expenses	3,712,538	3,716,760	3,697,116	
	Non-departmental other expenses				
646	Auckland City Rail Link – Operating MYA	2,418	2,024	2,287	7
-	Auckland City Rail Link Targeted Hardship Fund MYA	1,065	-	4,200	9
2,036	Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme MYA	1,395	5,000	5,264	4

FINANCIAL PERFORMANCE

2021 Actual \$000	Appropriation title	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	End-of-year performance information location*
2,949	Bad Debt Provision – Motor Vehicle Registration/Licences and Road User Charges	24,771	4,000	26,000	3
-	- Clean Car Discount – Administration MYA	110,828	-	136,200	6
-	- Clean Vehicle Discount Rebates PLA	14,351	-	18,762	6
-	- Community Connect Programme	2,166	-	4,380	3
-	- Housing Infrastructure Fund – Fair Value Write Down	-	-	22,419	6
27,871	KiwiRail Holidays Act Remediation	-	1,100	-	7
337,179	Maintaining Airfreight Capacity MYA	-	-	-	6
-	- Maintaining Airfreight Capacity	295	-	300	6
7,151	Maintaining Essential Transport Connectivity MYA	8,970	-	15,141	6
48,020	Maintaining international air services MYA	418,106	120,000	467,580	6
74,337	Meeting Fees, Charges and Levies on Behalf of Airlines	-	-	-	6
820	Membership of International Organisations	828	863	863	8
-	- National Land Transport Programme Loan 2021 – 2024: Fair Value Write-down	-	-	127,000	3
3,270	Rail – Public Policy Projects	-	-	-	7
500	Rail – Railway Safety	-	-	-	7
-	- Rail – Railway Safety and Public Policy Projects	3,770	3,770	3,770	7
-	- Recreational Aviation Safety Activities PLA	180	-	230	6
7,339	Shovel ready project funding – Rail	5,634	4,000	5,661	7
30,064	SuperGold Card – public transport concessions for cardholders	-	-	-	3
469	Urban Cycleways – Local Routes	-	-	-	3
1,500	Waka Kotahi NZ Transport Agency Palmerston North Premises	1,500	1,500	1,500	3
15,078	Water Search, Rescue and Safety Frontline Services	15,145	15,145	15,145	6
559,229	Total non-departmental other expenses	611,424	157,402	856,702	
	Non-departmental capital expenditure				
395,000	Auckland City Rail Link MYA	428,000	584,500	471,000	9
267,240	Capital Investment Package – Roads, Walking and Cycling	319,617	754,890	373,837	3
-	- Civil Aviation Authority – Capital Injection MYA	3,740	16,339	16,339	4
-	- Clean Car Standard – Capital	3,794	10,590	9,090	3
-	- Clean Vehicle Discount Scheme – capital investment in Waka Kotahi NZ Transport Agency	3,218	-	3,800	3
200,000	COVID-19 – NLTF Borrowing Facility MYA	-	-	-	3
4,500	Housing Infrastructure Fund Loans MYA	39,000	40,000	76,500	3

FINANCIAL PERFORMANCE

2021 Actual \$000	Appropriation title	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	End-of-year performance information location*
299	Joint Venture Airports – Crown Contribution MYA	1,453	1,710	6,294	6
-	Loans to Essential Transport Operators MYA	-	-	5,000	6
265	Maritime New Zealand Capital Expenditure PLA	181	105	286	5
615,482	National Land Transport Programme Capital PLA	561,269	772,991	756,112	3
-	National Land Transport Programme Loan 2021 – 2024 MYA	200,000	-	505,000	3
-	NLTF Borrowing Facility for Short-Term Advances	-	750,000	750,000	3
47	Rail – KiwiRail Equity Injection	4	6,700	10,853	7
-	Rail – KiwiRail Equity Injection for Transfer of Auckland City Rail Link Assets	151,254	-	200,000	6,7
706,750	Rail – KiwiRail Holdings Limited	613,757	752,718	616,478	7
22,697	Rail – New Zealand Railways Corporation Equity Injection MYA	25,415	62,000	83,303	10
18,352	Rail – Wellington Metro Rail Network Upgrade	-	-	-	7
62,844	Regional State Highways	-	-	-	3
-	Regional State Highways MYA	26,816	34,259	34,944	3
18	Transport Accident Investigation Commission	-	-	-	2
6,500	Waka Kotahi NZ Transport Agency Regulatory Loans MYA	25,000	22,000	29,000	3
2,299,994	Total non-departmental capital expenditure	2,402,518	3,808,802	3,947,836	
	Multi category appropriations (MCA)				
	Capital Investment Package – Operating MCA				
-		6,310	-	33,000	3
	Non-Departmental Output Expenses				
-	Operating costs	6,310	-	32,000	
	Non-Departmental Other Expenses				
-	Third party projects	-	-	1,000	
	Civil Aviation and Maritime Security Services MCA				
-		2,624	2,624	2,624	4
	Non-Departmental Output Expenses				
-	Civil Aviation and Maritime Security Services	1,924	1,924	1,924	
	Non-Departmental Other Expenses				
-	Improving Safety in the Aviation Sector	700	700	700	
527,615	COVID-19 – NLTF Funding for Cost Pressures and Revenue Shocks MCA	127,652	-	171,185	3
	Non-Departmental Output Expenses				
322,443	COVID-19 – NLTF Operating Cost Pressure and Revenue Shortfall Funding	127,652	-	169,185	

FINANCIAL PERFORMANCE

2021 Actual \$000	Appropriation title	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	End-of-year performance information location*
	Non-Departmental Capital Expenditure				
-	COVID-19 – NLTF Capital Cost Pressure Funding	-	-	1,000	
205,172	Equity Injection to Waka Kotahi NZ Transport Agency	-	-	1,000	
2,261	Policy Advice and Related Outputs – Civil Aviation MCA	-	-	-	4
	Non-departmental output expenses				
663	Policy Advice – Civil Aviation	-	-	-	
431	Ministerial Servicing – Civil Aviation	-	-	-	
685	International Relations and International Civil Aviation Organisation Obligations	-	-	-	
	Non-departmental other expenses				
482	Improving Safety in the Aviation Sector	-	-	-	
6,121	Policy Advice and Related Outputs – Maritime MCA	-	-	-	5
	Non-departmental output expenses				
3,349	Policy Advice – Maritime	-	-	-	
817	Maritime – Incident Response	-	-	-	
1,955	Maritime Safety and Marine Protection Services	-	-	-	
30,423	Reinstatement of the South Island Transport Corridors MCA	1,735	1,171	3,671	3
	Non-Departmental Output Expenses				
6,958	Restoration of State Highway 1 between Picton and Christchurch	1,483	676	3,176	
	Non-Departmental Capital Expenditure				
23,465	Rebuild of State Highway 1 between Picton and Christchurch	253	495	495	
-	SuperGold Card Enhanced Public Transport Concessions Scheme MCA	30,417	31,143	31,156	3
	Non-Departmental Output Expenses				
-	Administration of the Public Transport Concessions Scheme	95	95	95	
	Non-Departmental Other Expenses				
-	Public Transport Concessions for Cardholders	30,322	31,048	31,061	

FINANCIAL PERFORMANCE

2021 Actual \$000	Appropriation title	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000	End-of-year performance information location*
196,396	Tuawhenua Provincial Growth Fund – Transport Projects MCA	98,320	136,895	112,307	1,3,7
	Non-Departmental Output Expenses				
2,954	Supporting Regional and Infrastructure Projects	1,637	321	1,621	
	Non-Departmental Other Expenses				
145,118	Enabling Infrastructure Projects	54,993	59,463	55,763	
22,346	Regional Projects and Capability	4,718	4,000	4,329	
	Non-Departmental Capital Expenditure				
9,078	Infrastructure Projects	11,230	38,311	24,844	
16,900	Rail Projects	25,743	34,800	25,750	
762,816	Total multi category appropriations	267,058	171,833	353,943	

*The numbers in this column represent where the end-of-year performance information is reported for each appropriation administered by the Ministry, as detailed below:

1. The Ministry's annual report
2. The Transport Accident Investigation Commission's annual report
3. Waka Kotahi New Zealand Transport Agency's annual report
4. The Civil Aviation Authority's annual report
5. Maritime New Zealand's annual report
6. To be reported by the Minister of Transport in a report appended to this annual report
7. KiwiRail's annual report
8. Not reported, as an exemption exists under section 15D of the Public Finance Act 1989
9. City Rail Link Limited's annual report
10. New Zealand Railways Corporation's annual report

**These appropriations are permanent legislative authority appropriations (PLAs) that relate to the National Land Transport Fund (the NLTF). The total of these appropriations is limited by the revenue hypothecated to the NLTF and the appropriation sizes in the Estimates are indicative only.

FINANCIAL PERFORMANCE**Details of multi-year appropriations**

	Commences	Expires	Appropriation at 1 July 2021 \$000
Auckland Light Rail Unit MYA	1 May 2022	30 June 2025	-
Funding for Temporary Decreases in Fuel Excise Duty, Road User Charges, Public Transport Fares and Railway Track User Charges MYA	11 April 2022	30 June 2023	-
Protection of Transport Sector Agency Core Functions MYA	1 April 2020	30 June 2024	281,910
Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Functions MYA	11 May 2020	30 June 2022	13,000
Rail – Maintaining an Electric Locomotive Fleet MYA	1 July 2020	30 June 2025	26,600
Auckland City Rail Link – Operating MYA	1 July 2020	30 June 2025	12,210
Auckland City Rail Link Targeted Hardship Fund MYA	1 July 2021	30 June 2025	-
Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme MYA	1 August 2019	30 June 2023	11,750
Clean Car Discount – Administration MYA	1 July 2021	30 June 2026	-
Maintaining Essential Transport Connectivity MYA	11 May 2020	30 June 2023	26,000
Maintaining international air services MYA	1 May 2021	30 June 2023	170,000
Auckland City Rail Link MYA	1 July 2020	30 June 2025	1,704,687
Civil Aviation Authority – Capital Injection MYA	1 July 2021	30 June 2026	113,219
COVID-19 – NLTF Borrowing Facility MYA	11 May 2020	30 June 2022	425,000
Housing Infrastructure Fund Loans MYA	1 July 2018	30 June 2023	357,000
Joint Venture Airports – Crown Contribution MYA	1 July 2018	30 June 2023	9,920
Loans to Essential Transport Operators MYA	11 May 2020	30 June 2022	5,000
National Land Transport Programme Loan 2021 – 2024 MYA	1 December 2021	30 June 2025	-
Rail – New Zealand Railways Corporation Equity Injection MYA	1 July 2020	30 June 2024	238,064
Regional State Highways MYA	1 July 2020	30 June 2025	121,453
Waka Kotahi NZ Transport Agency Regulatory Loans MYA	1 March 2020	30 June 2024	95,000

FINANCIAL PERFORMANCE

Increase/(decrease) in funding \$000	Total funding \$000	Cumulative expenses to 1 July 2021 \$000	Current year expenses \$000	Cumulative expenses to 30 June 2022 \$000
189,465	189,465	-	-	-
653,600	653,600	-	410,949	410,949
149,482	431,392	116,043	127,053	243,096
7,000	20,000	12,218	7,700	19,918
(14,264)	12,336	1,424	10,587	12,011
-	12,210	646	2,418	3,064
6,000	6,000	4,200	1,065	5,265
-	11,750	2,577	1,395	3,972
136,200	136,200	-	110,828	110,828
(3,475)	22,525	7,384	8,970	16,354
500,000	670,000	48,020	418,106	466,126
(8,540)	1,696,147	395,000	428,000	823,000
-	113,219	-	3,740	3,740
(100,000)	325,000	325,000	-	325,000
-	357,000	16,500	39,000	55,500
1,840	11,760	2,477	1,453	3,930
-	5,000	-	-	-
2,000,000	2,000,000	-	200,000	200,000
-	238,064	33,761	25,415	59,176
(1,500)	119,953	62,844	26,816	89,660
-	95,000	26,000	25,000	51,000

FINANCIAL PERFORMANCE

Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Authority, appropriation or other authority

For the year ended 30 June 2022

The Ministry has not incurred unauthorised expenditure, under section 26C of the Public Finance Act 1989.

Statement of departmental capital injections

For the year ended 30 June 2022

The Ministry has not received any capital injections during the year.

Statement of Departmental Capital Injections Without, or in Excess of, Authority

For the year ended 30 June 2022

The Ministry has not received any capital injections during the year without, or in excess of, authority (2021: Nil).

Section 6

Te mahi whakamutunga ā te tau | End-of-year Performance



END-OF-YEAR PERFORMANCE

Ngā korero mahi mo te tau whakamutunga | End-of-year Performance Information

For the year ended 30 June 2022

The appropriations reported in this annual report are:

Departmental Output Expenses:

- Auckland Light Rail Unit
- Search and Rescue Activity Coordination PLA
- Search and Rescue Training and Training Coordination
- Transport – Policy advice, ministerial servicing, governance, and other functions
 - Policy Advice, Governance and Ministerial Servicing
 - Milford Sound/Piopiotahi Aerodrome
 - Fuel Excise Duty Refund Administration

Departmental Capital Expenditure:

- Ministry of Transport – Capital Expenditure PLA

Multi-category Expenses and Capital Expenditure:

- Tuawhenua Provincial Growth Fund – Transport Projects (Non-departmental output expense, non-departmental other expenses, non-departmental capital expenses)
 - Supporting Regional and Infrastructure Projects
 - Enabling Infrastructure Projects
 - Regional Projects and Capability
 - Infrastructure Projects
 - Rail Projects

Ngā Puakanga | Disclosures

The Ministry has not early adopted PBE FRS 48 in 2021/22, but will be adopting it in 2022/23. However, this page highlights some of the considerations that the Ministry has already done in this space.

The Financial Reporting Standard² sets out that the Ministry's service performance information should:

- provide users with sufficient contextual information to understand why the Ministry exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this
- provide users with information about what the Ministry has done during the reporting period in working towards its broader aims and objectives.

The Financial Reporting Standard includes six qualitative characteristics to service performance information: Relevance, Faithful representation, Understandability, Timeliness, Comparability and Verifiability. In addition, the Financial Reporting Standard also provides that an appropriate mix of quantitative measures, qualitative measures and qualitative descriptions be used.

The Ministry is also required, under the Financial Reporting Standard, to disclose those judgements that had the most significant effect on the selection, measurement, aggregation and presentation of service performance information reported in accordance with the Financial Reporting Standard that are relevant to an understanding of its service performance information.

Consistent with the requirements of the Financial Reporting Standard, the Ministry has had to make a series of judgements around its performance information and the selection of its indicators.

In reviewing its performance indicators, the Ministry considered the qualitative characteristics and placed particular weight on two characteristics: Relevance and Faithful representation (the Financial Reporting Standard also recognises the importance of these characteristics). The Ministry's judgements were also informed by an evaluative tool included in Treasury's guidance on the new Financial Reporting Standard. In applying the qualitative characteristics, the Ministry also had regard to the pervasive constraints on information (materiality, cost-benefit and the balance between characteristics). However, the pervasive constraints were not a significant factor in the Ministry's determinations.

The Ministry's service performance information in this section of the annual report is largely made up of a mix of quantitative measures and qualitative measures. The Ministry considers that this mix is appropriate given the nature of the Ministry's activities.

For 2021/22, the Ministry has made a number of changes to its service performance information that will enable annual report readers to form a better understanding of the Ministry's performance.

Changes include:

- improved transparency on our ministerial servicing activities, by extending our performance ministerial servicing measure for the timeliness of responses to ministerial correspondence to also include timeliness for the preparation of responses to ministerial Official Information Act requests (a combined measure)
- improved transparency on our governance advice, through a new measure on ministerial satisfaction with our governance advice service.

END-OF-YEAR PERFORMANCE

Te utu putanga tari | Departmental Output Expense

Auckland Light Rail Unit

This appropriation is intended to achieve the completion of detailed planning activities to enable final investment decisions to be made on light rail for Auckland, which is intended to improve public transport options for Aucklanders, support a more connected city, reduce congestion and transport emissions, and encourage urban development.

Financial performance

	2021 Actual \$000	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
Revenue Crown		-	-	9,902
Total expenses		-	-	9,902
Net surplus/(deficit)		-	-	-

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
New Measure	Auckland Light Rail Board terms of reference agreed and Board members appointed by 30 June 2022	Not Achieved*	Achieved
New Measure	Ongoing operating arrangements for the Auckland Light Rail Unit put in place by 30 June 2022	Not Achieved	Achieved

*The first Board members were approved through the Appointment and Honours Committee in May 2022. However, the Terms of Reference was only approved by Ministers in July 2022.

Search and Rescue Activity Coordination PLA

In this appropriation, the Ministry houses the Secretariat function of the New Zealand Search and Rescue (NZSAR) Council, which administers the search and rescue (SAR) sector in New Zealand.

It is intended to achieve the delivery of effective, well coordinated search and rescue capability.

Financial performance

	2021 Actual \$000	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
3,675 Revenue Crown		4,718	5,030	4,718
2,266 Total expenses		3,969	5,030	4,718
1,409 Net surplus/(deficit)		749	-	-

END-OF-YEAR PERFORMANCE

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
100%	Survey results show that the New Zealand Search and Rescue Council is satisfied with the provision of effective support services and policy advice for the New Zealand search and rescue sector	100%	95% or higher
New measure	Delivery of the National Search and Rescue Support Programme including the provision of governance, leadership, and strategic support for the Search and Rescue sector	68%*	90%

*COVID-19 impacts severely limited the sectors' ability to engage and support planned work and events. The Secretariat also experienced significant capacity limitations hindering its ability to deliver the full range of projects.

Search and Rescue Training and Training Coordination

This appropriation is intended to achieve effective management and purchase of the delivery of search and rescue skill acquisition training for people operating in the search and rescue sector.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
1,225	Other revenue	1,302	1,300	1,659
1,225	Total expenses	1,302	1,300	1,659
-	Net surplus/(deficit)	-	-	-

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
82%	Percentage of planned search and rescue training courses that are delivered	73%	80%

Transport – Policy Advice, Ministerial Servicing, Governance, and Other Functions

This output class is for the provision of policy advice; services to support Ministers to discharge their portfolio responsibilities relating to transport; monitoring of and advice on the governance, performance and capability of transport Crown entities; administration of Fuel Excise Duty refunds; and the operation of Milford Sound/Piopiotahi Aerodrome.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
51,754	Revenue Crown	53,367	43,895	53,367
769	Other revenue	2,543	445	3,901
52,523	Total revenue	55,910	44,340	57,268
44,416	Total expenses	54,918	44,340	57,268
8,107	Net surplus/(deficit)	992	-	-

END-OF-YEAR PERFORMANCE

Policy Advice, Governance and Ministerial Servicing

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
49,986	Revenue Crown	47,532	41,427	47,532
504	Other revenue	2,352	-	3,456
50,490	Total revenue	49,884	41,427	50,988
42,995	Total expenses	49,442	41,427	50,988
7,495	Net surplus/(deficit)	442	-	-

Assessment of performance against policy advice, governance and ministerial servicing measures for this output class

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
	Policy advice		
3.1	Satisfaction of the portfolio Minister with the policy advice service	4.2 ³	Average score between 2 and 3 or higher
No result ⁴	Milestones contained in the output plan are completed as agreed, or as subsequently amended by the agreement between the Minister and the Chief Executive	67% ⁵	90% or higher
New measure	Percentage of policy papers that score 3.0 or higher	98% ⁶	90% or higher
New measure	Percentage of policy papers that score 4.0 or higher	53% ⁶	40% or higher
	Governance		
New measure	Satisfaction of the portfolio Minister with the governance advice service	4.3 ³	Average score between 2 and 3 or higher
New measure	Satisfaction of the portfolio Minister with board appointments advice	4.0 ³	Average score between 2 and 3 or higher
New measure	Percentage of governance papers that score 3.0 or higher	100% ⁶	90% or higher
New measure	Percentage of governance papers that score 4.0 or higher	71% ⁶	40% or higher
	Ministerial servicing		
95%	Percentage of Official Information Act requests to the Ministry replied to within statutory timeframes	97%	100%
New measure	Ministerial correspondence replies and Ministerial Official Information Act replies completed within the timeframes agreed between the Ministry and the Office of the Minister	55%	90% or higher

3 The 2020/21 reported result was an average score based on a 0-4 scale. While the 2021/22 target was set based on the 2020/21 methodology, we have amended the 2021/22 scoring methodology to a weighted average using a 1 – 5 scale. This revised approach aligns with guidance issued by the Department of Prime Minister and Cabinet.

4 The Ministry did not have an Output Plan agreement with the Minister for 2020-21. This was due to the timing of the election, which was then delayed, and the time taken after the election to confirm priorities with the Minister.

5 Performance during the year was hindered by COVID-19 impacts and changes to work programme priorities. In addition, the Ministry did not initiate many updates to the Output Plan.

6 A sample of the Ministry's advice papers were independently assessed by NZIER using the DPMC Policy Quality Framework, using a five point scale with 1 = Unacceptable, 2 = Poor, 3 = Acceptable, 4 = Good and 5 = Outstanding. These results are based on NZIER's draft report, as the finalised report was not available when we finalised this annual report. We understand from NZIER that the scores will not change from their draft to their final report

END-OF-YEAR PERFORMANCE

Milford Sound/Piopiotahi Aerodrome

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
1,150	Revenue Crown	1,644	1,850	1,644
149	Other revenue	90	325	325
1,299	Total revenue	1,7324	2,175	1,969
687	Total expenses	1,184	2,175	1,969
612	Net surplus/(deficit)	550	-	-

Assessment of performance against Milford Sound/Piopiotahi Aerodrome measures for this output class

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
Achieved	The Milford Sound/Piopiotahi Aerodrome operation will conform with appropriate Civil Aviation Authority safety requirements	Achieved	Achieved
Not Achieved*	The operating costs for the Milford Sound/Piopiotahi Aerodrome are within third-party revenue	Not Achieved*	Achieved

*Third party revenue was reduced because of a reduced number of flights at the aerodrome due to COVID-19.

The ongoing impact of Covid-19 continued to impact Milford Aerodrome landing fee revenue.

Fuel Excise Duty Refund Administration

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
618	Revenue Crown	4,191	618	4,191
116	Other revenue	101	120	120
734	Total revenue	4,292	738	4,311
734	Total expenses	4,292	738	4,311
-	Net surplus/(deficit)	-	-	-

Assessment of performance against fuel excise duty refund administration measure for this output class

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
22.4 days	Average number of days taken to process refunds of fuel excise duty	20 working days	20 working days or less

END-OF-YEAR PERFORMANCE

Te pūtea tōpu ā te tari | Departmental Capital Expenditure

Ministry of Transport – Capital Expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Transport, as authorised by section 24(1) of the Public Finance Act 1989.

It is intended to achieve the renewal of assets in support of the delivery of the Ministry of Transport's services.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
20	Departmental Capital Expenditure	53	250	250

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
100%	Expenditure is in accordance with the Ministry's capital expenditure plan and asset management plan	100%	100%

Te raraunga wahanga pūtea me ngā pūtea whakapaunga | Multi-category Expenses and Capital Expenditure

Tuawhenua Provincial Growth Fund – Transport Projects

This appropriation is intended to achieve a lift in productivity potential in the regions through transport related projects that enable regions to be well connected from an economic and social perspective.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
2,954	Non-departmental output expenses: Supporting Regional and Infrastructure Projects	1,637	321	1,621
145,118	Non-departmental other expenses: Enabling Infrastructure Projects	54,993	59,463	55,763
22,346	Non-departmental other expenses: Regional Projects and Capability	4,718	4,000	4,329
9,078	Non-departmental capital expenditure: Infrastructure Projects	11,230	38,311	24,844
16,900	Non-departmental capital expenditure: Rail Projects	25,743	34,800	25,750
196,396	Total	98,320	136,895	112,307

Tuawhenua Provincial Growth Fund – Transport Projects

This appropriation is intended to achieve a lift in the productivity potential in the regions through transport-related projects and studies that enable regions to be well connected from an economic and social perspective.

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
Achieved	Provincial Growth Fund funding is distributed by the Ministry in accordance with the terms and conditions of its memorandum of understanding	Achieved	Achieved

Supporting Regional and Infrastructure Projects

This category is limited to supporting transport-related regional economic development initiatives.

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
New measure	Average number of days to release Provincial Growth Fund funding to support regional and infrastructure projects once approved	12 working days	20 working days or less

END-OF-YEAR PERFORMANCE**Enabling Infrastructure Projects**

This category is limited to expenses incurred on local transport-related infrastructure projects that contribute to the outcome of a lift in the productivity potential in the regions.

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
13 working days	Average number of days to release Provincial Growth Fund infrastructure funding once approved	9 working days	20 working days or less
100%	Work is carried out as per the agreed programme	79%*	100%

Outcome of investment: North Auckland Line.

*Project completion was delayed due to failure of specialised rail equipment and supply chain challenges. Project is expected to be completed by 2022 calendar year end.

Regional Projects and Capability

This category is limited to supporting regional development through transport-related projects, capability building, and feasibility studies for potential transport-related projects.

Supplementary: Drainage. \$0.129 million in-principle expense transfer from 2020/21 (less than 1% of 2020/21 spend) for the multi-year infrastructure programme.

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
100%	Work is carried out as per the agreed programme	100%	100%

Outcome of investment: 1 out of 1 milestone delivered.

Infrastructure Projects

This category is limited to capital expenditure for transport-related infrastructure projects that contribute to the outcome of a lift in the productivity potential in the regions.

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
60%	Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to standards and timeframes	58%	90% or greater

Rail Projects

This category is limited to a capital injection to KiwiRail Holdings Limited to finance approved rail-related projects that contribute to the outcome of a lift in the productivity potential in the regions.

Assessment of performance

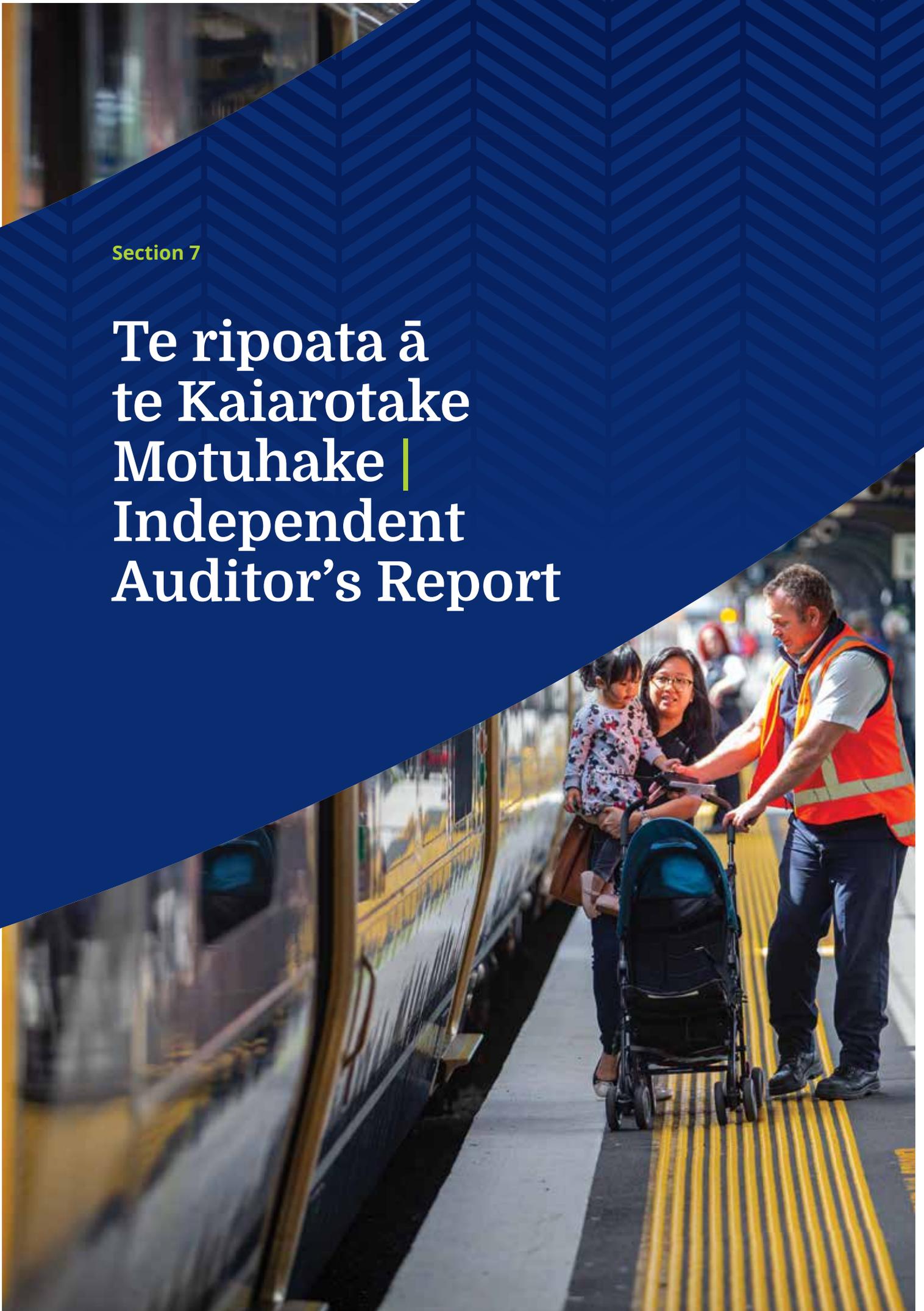
2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
86%	Work is carried out as per the agreed programme	50%*	100%

Outcome of investment: 2 out of 4 milestones delivered.

*Central North Island Freight Hub – working through official land acquisition processes, with the last property purchase to be funded from this appropriation expected to be settled by 2022 calendar year end. Other projects within this appropriation, Tourism and Marsden Point Land Acquisition, are tracking in line with plan.

Section 7

Te ripoata ā te Kaiarotake Motuhake | Independent Auditor's Report



Te ripoata ā te Kaiarotake Motuhake | Independent Auditor's Report

To the readers of the Ministry of Transport's annual report

for the year ended 30 June 2022

The Auditor-General is the auditor of the Ministry of Transport (the Ministry). The Auditor-General has appointed me, Matthew Geddes, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 49 and 54 to 70 that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2022, the statement of comprehensive revenue and expense, statement of movements in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2022 on pages 12 to 39 and 92 to 100;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2022 on pages 82 to 90; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 71 to 81 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2022;
 - the schedule of expenses; and revenue and receipts for the year ended 30 June 2022; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 49 and 54 to 70:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the performance information of the Ministry on pages 12 to 39 and 92 to 100:
 - presents fairly, in all material respects, for the year ended 30 June 2022:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand;
- the statements expenses and capital expenditure of the Ministry on pages 82 to 90 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 71 to 81 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2022; and
 - expenses; and revenue and receipts for the year ended 30 June 2022.

Our audit was completed on 30 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to other matters. In addition, we outline the responsibilities of Secretary for Transport and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Emphasis of matters

Without modifying our opinion, we draw attention to the following disclosures.

City Rail Link Limited Covid-19 additional cost claims

Note 8: Investment in Joint Ventures on pages 78 to 79 outlines that City Rail Link Limited has received claims from the Link Alliance for additional costs due to Covid-19 related matters. City Rail Link Limited is unable to reliably estimate the quantum of the claims settlement because the outcome of the claims is uncertain at this stage. However, the amount may be significant and may require additional funding from the Sponsors.

Inherent uncertainties in the measurement of greenhouse gas emissions

The Ministry has chosen to include a measure of the domestic transport sector's greenhouse gas (GHG) emissions in its performance information. In considering the public interest in climate change related information, we draw attention to the carbon dioxide equivalents emissions from domestic transport disclosure on page 14 of the Annual Report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

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

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

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

Responsibilities of the Secretary for Transport for the information to be audited

The Secretary for Transport is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand;
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand;
- statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Secretary for Transport is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Secretary for Transport is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Secretary for Transport is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Secretary for Transport's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is 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 the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's strategic intentions 2021-25, the relevant Estimates and Supplementary Estimates of Appropriations 2021/22 and the 2021/22 forecast financial figures included in the Ministry's 2020/21 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

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 information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Transport.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Secretary for Transport and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Secretary for Transport 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 Secretary for Transport is responsible for the other information. The other information comprises the information included on pages 1 to 105 but does not include the information we audited, and our auditor's report thereon.

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

Our responsibility is to read the other information. In doing so, we consider whether the other

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

information is materially inconsistent with the information we audited 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.

The report by the Minister of Transport in relation to additional relevant non-departmental appropriations that is appended to the Ministry's annual report on pages 107 to 120 is not part of the Ministry's annual report. The Public Finance Act 1989 does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

Independence

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

In addition to the audit, we were engaged to provide assurance services over the essential transport connectivity scheme which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in the Ministry.

**Matthew Geddes**

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Section 8

Te ripoata tāpiritanga korenga ā te tari kōhaki | Report in relation to additional non-departmental appropriations



Te ripoata tāpiritanga korenga ā te tari kōhaki | Report in Relation to Additional Non-departmental Appropriations

For the year ended 30 June 2022

Produced pursuant to Section 19B of the Public Finance Act 1989. B.14 (TRANSPORT)

Foreword

The Minister of Transport is required under section 19B of the Public Finance Act 1989 to report against the following non-departmental appropriations in Vote Transport:

Non-departmental output expenses:

- Rail – Grants
- Rail – Maintaining an Electric Locomotive Fleet
- Rail – Maintenance and Renewal of the Rail Network
- Search and Rescue and Recreational Boating Safety Activities PLA
- Weather Forecasts and Warnings

Non-departmental other expenses:

- Auckland City Rail Link – Operating
- Clean Car Discount – Administration
- Clean Vehicle Discount Rebates PLA
- Housing Infrastructure Fund – Fair Value Write Down
- KiwiRail Holidays Act Remediation
- Maintaining Airfreight Capacity
- Maintaining Essential Transport Connectivity
- Maintaining international air services
- Rail – Railway Safety and Public Policy Projects
- Recreational Aviation Safety Activities PLA
- Shovel ready project funding – Rail
- Water Search, Rescue and Safety Frontline Services

Non-departmental capital expenditure:

- Joint Venture Airports – Crown Contribution
- Rail – KiwiRail Equity Injection
- Rail – KiwiRail Equity Injection for Transfer of Auckland City Rail Link Assets
- Rail – KiwiRail Holdings Limited
- Rail – New Zealand Railways Corporation Equity Injection

This report has been appended to the annual report of the Ministry of Transport for publication. It is not subject to audit.



Hon Michael Wood
Minister of Transport

APPROPRIATIONS

Ngā utu korenga pūngao ruihiā te tari | Non-departmental Output Expense

Rail – Grants

This appropriation is limited to payments under section 7 of the State-Owned Enterprises Act 1986 to KiwiRail Holdings Limited for non-commercial activities.

Supplementary: This appropriation decreased by net \$18.042 million to \$8.958 million for 2021/22 due to:

- \$22.042 million transfer from 2021/22 to 2022/23 because of changes to the initial forecast after further progress on the design and from construction market feedback for the wagon assembly plant at Hillside Road, Dunedin.
- This decrease was partially offset by \$4 million carried forward from 2020/21 to 2021/22.

In Principle Expense Transfer from 2021/22 to 2022/23 for \$6.375 million unspent portion of appropriation.

Financial performance

2021 Actual \$000	2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
- Non-departmental output expenses: Rail – Grants	2,567	27,000	8,958

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
New Measure	Work is carried out in line with the agreed outcomes	Not achieved 75%	Achieved

Outcome of investment: The wagon assembly plant at Hillside, Dunedin, is a multi-year project and is on-track to increase employment and youth opportunities and rebuild industry capability within the agreed timeframe. 6 out of 8 milestones delivered in 2021/22.

Rail – Maintaining an Electric Locomotive Fleet

This appropriation is limited to maintaining the operation of the existing electric locomotive fleet.

Supplementary: This multi-year appropriation decreased by net \$12.453 million to \$10.912 million due to:

- \$14.264 million transfer from 2021/22 to 2022/23 because of delays in achievement of milestones due to Covid-related factors. This amount of funding is being transferred into the new Rail – Grants multi-year appropriation from 1 July 2022.
- This decrease was partially offset by \$1.811 million carried forward from 2020/21 to 2021/22.

APPROPRIATIONS

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
1,424	Non-departmental output expenses: Rail – Maintaining an Electric Locomotive Fleet	10,587	23,365	10,912

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
44%	Work is carried out in line with the agreed outcomes	50%	100%

Outcome of investment: Enabled KiwiRail to maintain the capabilities to refurbish and commission electric locomotives. 2 out of 4 milestones delivered.

Rail – Maintenance and Renewal of the Rail Network

This appropriation is limited to funding KiwiRail Holdings Limited for the expenditure included in the approved Rail Network Investment Programme.

Supplementary: This appropriation increased by net \$123.792 million to \$360.092 million for 2021/22 due to:

- \$154.600 million transfer from the National Land Transport Programme Capital PLA to reflect the amount of the approved Rail Network Investment Programme to be funded directly from Land Transport revenue.
- This increase is partially offset by \$30.808 million transferred from 2021/22 to 2022/23 due to delays in the final approval of business cases and rephasing of expenditure to align with terms of signed contracts.

Multi-year appropriation: \$73.487 million of unspent funding rolled over from 2021/22 to 2022/23.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non-departmental output expenses: Rail – Maintenance and Renewal of the Rail Network	286,605	236,300	360,092

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
New measure	Work is carried out as per the agreed programme	80%	100%

Outcome of investment: Enabled KiwiRail to carry out network maintenance, management, renewal and improvement work on the national rail network in line with Rail Network Investment Programme.

APPROPRIATIONS**Search and Rescue and Recreational Boating Safety Activities PLA**

This appropriation funds activities undertaken by several bodies.

Maritime New Zealand

Funding provided to Maritime New Zealand is reported in its annual report. For completeness, it is also included in this report.

Maritime New Zealand uses this funding to promote awareness of recreational boating safety and to maintain capability for the Rescue Coordination Centre. These activities have the aim of reducing the number of preventable search and rescue related fatalities in New Zealand.

Other bodies

The New Zealand Search and Rescue Council (the Council) seeks to continue to address the identified systemic risks within the New Zealand search and rescue system to reduce the number of preventable search and rescue related fatalities in New Zealand.

The Council has reached joint service-level agreements for search and rescue services with Coastguard New Zealand, LandSAR New Zealand, Surf Life Saving New Zealand, the Mountain Safety Council NZ and Amateur Radio Emergency Communications. This funding helps these organisations to ensure their ongoing viability at acceptable performance levels for search and rescue activity.

\$000**Crown entities**

Maritime New Zealand

14,072

Annual funding under a service-level agreement

Coastguard New Zealand

New Zealand Land Search & Rescue Inc.

Surf Life Saving New Zealand

New Zealand Police

Amateur Radio Emergency Communications

Mountain Safety Council

Marlborough-Nelson Marine Radio Association

4,622

2,661

2,341

492

291

60

Total**24,539**

APPROPRIATIONS

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
22,532	Non-departmental output expenses: Search and Rescue and Recreational Boating Safety Activities PLA	24,539	25,777	24,747

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
	Develop and maintain Service Level Agreements with key providers in the Search and Rescue community. Key performance measures within the Agreements for Search and Rescue services are:		
New measure	Provision of appropriate Search and Rescue services to Coordination Authorities on request	99%	100%
New measure	Achieving the agreed Search and Rescue services initiative milestones	79%	100%
New measure	Provision of agreed New Zealand avalanche hazard advisory services	100%	100%

Weather Forecasts and Warnings

The Meteorological Service of New Zealand Limited (MetService) provides services for this appropriation under a contract with the Minister of Transport.

Services involve the production of severe weather warnings and a level of weather forecast services for land, coastal waters and oceanic areas for which New Zealand has international responsibility, and the provision of a weather observation network in and around New Zealand.

This appropriation is intended to achieve the procurement of weather services to minimise risk to life and property through public weather forecasts and emergency support.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
24,708	Non-departmental output expenses: Weather Forecasts and Warnings	25,623	25,623	25,623

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
As per contract	Provision of agreed services	As per contract	As per contract
92%	Minimum percentage of forecasts of severe-weather events which successfully predicted the event (probability of detection)	95%	Greater than 90%
11%	Maximum percentage of forecasts of severe-weather events which are subsequently found to be false alarms (false alarm ratio)	18%	Less than 15%

APPROPRIATIONS

Ngā pūtea me ētahi atu utu korenga ā te tari | Non-departmental Other Expenses

Auckland City Rail Link – Operating

This appropriation is limited to the operating expenses incurred by the Crown for the Auckland City Rail Link project.

Supplementary: This appropriation increased by net \$0.263 million to \$2.287 million for 2021/22 due to:

- \$0.222 million funding from the 2022/23, 2023/24 and 2024/25 financial years being transferred to 2021/22.
- \$0.041 million carried forward from 2020/21 to 2021/22 from underspends in the appropriation in the 2020/21 year.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
646	Non-departmental other expenses: Auckland City Rail Link – Operating	2,418	2,024	2,287

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
94%	Work is carried out as per the agreed programme	100%	100%

Outcome of investment: 8 out of 8 milestones delivered.

Clean Car Discount – Administration

This appropriation is intended to achieve reduced transport emissions by encouraging car purchasers to choose low emission options by providing a rebate to make these vehicles more affordable.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non-departmental other expenses: Clean Car Discount – Administration	110,828	-	136,200

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
New measure	Sales of electric vehicles (battery electric and plug-in hybrid electric) as a share of the new passenger car segment for the 12 month period ending 30 June	13.6%	10%
New measure	Sales of electric vehicles (battery electric and plug-in hybrid electric) as a share of all vehicles entering New Zealand (new and used passenger and commercial light vehicles) for the 12 month period ending 30 June	7.2%	6%

Clean Vehicle Discount Rebates PLA

This appropriation is intended to achieve reduced transport emissions by encouraging car purchasers to choose low emission options by providing a rebate to make these vehicles more affordable, funded by fees collected on high emissions vehicles imported into New Zealand.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non-departmental other expenses: Clean Vehicle Discount Rebates	14,351	-	18,762

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
New measure	Sales of electric vehicles (battery electric and plug-in hybrid electric) as a share of the new passenger car segment for the 12 month period ending 30 June	13.6%	10%
New measure	Sales of electric vehicles (battery electric and plug-in hybrid electric) as a share of all vehicles entering New Zealand (new and used passenger and commercial light vehicles) for the 12 month period ending 30 June	7.2%	6%

APPROPRIATIONS**Housing Infrastructure Fund – Fair Value Write Down**

This appropriation is intended to achieve the recognition of the expense incurred in the fair-value write down of interest free loans from the Housing Infrastructure Fund to Waka Kotahi NZ Transport Agency.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non departmental other expenses: Housing Infrastructure Fund – Fair Value Write Down	-	-	22,419

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
New measure	Fair-value write down of interest-free loans is recognised in accordance with accounting standards for every interest free loan from the Housing Infrastructure Fund to Waka Kotahi NZ Transport Agency	Not applicable*	Achieved

*There were no loans issued in 2021/22.

KiwiRail Holidays Act Remediation

This appropriation is limited to expenses by KiwiRail to allow compliance with the Holidays Act 2003.

Supplementary: This appropriation decreased by net \$1.100 million to nil in 2021/22 due to:

- \$1.129 million transferred from 2021/22 to 2022/23 as KiwiRail continues to locate affected former staff under its Holidays Act remediation obligations.
- This decrease is partially offset by \$0.029 million carried forward from 2020/21 to 2021/22 from underspends in the appropriation in the 2020/21 year.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
27,871	Non-departmental other expenses: KiwiRail Holidays Act Remediation	-	1,100	-

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
Achieved	Remediation payments are made for non-compliance with the Holidays Act 2003	-	Achieved

Outcome of investment: Remediation payments made to all affected current staff and a significant portion of affected former staff.

Maintaining Airfreight Capacity

This appropriation is intended to achieve the maintenance of international air services to retain connectivity with New Zealand's principal trading partners, enable essential passenger movements and maintain core capability, capacity and competitiveness within the New Zealand aviation sector.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non-departmental other expenses: Maintaining Airfreight Capacity	295	-	300

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
New measure	Payment made to Qantas as required under the previous Maintaining Airfreight Capacity scheme	Achieved	Achieved

Maintaining Essential Transport Connectivity

This appropriation is intended to provide sector-specific support to maintain essential transport connectivity for the COVID-19 response and recovery. It will enable the government to respond quickly, on a case-by-case basis, where failure of a transport service would have significant negative social and economic outcomes.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
7,151	Non-departmental other expenses: Maintaining Essential Transport Connectivity	8,970	-	15,141

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
36%	Percentage of funds contracted by the end of the year	84%	20% or more

Maintaining International Air Services

This appropriation is intended to achieve the maintenance of international air services to retain connectivity with New Zealand's principal trading partners, enable essential passenger movements and maintain core capability, capacity and competitiveness within the New Zealand aviation sector.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
48,020	Non-departmental other expenses: Maintaining International Air Services	418,106	120,000	467,580

APPROPRIATIONS

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
Within one month	Passenger connections to key destinations, including the Pacific, are available	Within one month	Within one month
New measure	Weight of airfreight outbound as percentage of pre-COVID levels (2019 vs now)	89%	80%
New measure	Weight of airfreight inbound as a percentage of pre-COVID levels (2019 vs now)	90%	80%

Rail – Railway Safety and Public Policy Projects

This appropriation is limited to public safety works and public policy rail initiatives.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non-departmental other expenses: Rail – Railway Safety and Public Policy Projects	3,770	3,770	3,770

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
Achieved	A safer railway system and public policy projects are carried out in line with the programme	Achieved	Achieved

Outcome of investment: Undertaken public policy projects such as level crossing capital upgrades and improvements, corridor fencing / anti-trespass, vegetation removal throughout the rail network, support of Heritage Rail access, as well as funding of Rail Safety Week, roadshows and Safety marketing.

Recreational Aviation Safety Activities PLA

This appropriation is intended to meet the provision of maintenance and support services in respect of Instrument Flight Procedures provided to small, local Unattended Aerodromes throughout New Zealand.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non-departmental other expenses: Recreational Aviation Safety Activities	180	-	230

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
New measure	Number of Uncontrolled Aerodromes/Instrument Flight Procedures covered by the Instrument Flight Procedures maintenance programme	17	17

Shovel Ready Project Funding – Rail

This appropriation is limited to grants to KiwiRail Holdings Limited to deliver infrastructure projects.

Supplementary: This appropriation increased by \$1.661 million to \$5.661 million in 2021/22 due to a carry forward from 2020/21 to 2021/22 as a result of unplanned complex design changes shifting milestones and cost phasing for the shovel-ready rail infrastructure projects.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
7,339	Non-departmental other expenses: Shovel Ready Project Funding – Rail	5,634	4,000	5,661

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
82%	Work is carried out as per the agreed programme	100%	100%

Outcome of investment: Completion of Omoto resilience project.

Water Search, Rescue and Safety Frontline Services

This appropriation is intended to ensure critical frontline services delivered by Surf Life Saving New Zealand and Coastguard New Zealand are maintained at existing levels.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
15,078	Non-departmental other expenses: Water Search, Rescue and Safety Frontline Services	15,145	15,145	15,145

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
95%	Achievement of the agreed Water Safety Services Service Level Agreements initiative milestones	96%	100%

APPROPRIATIONS

Te whakaoaunga utu tōpu ā te tari | Non-departmental Capital Expenditure

Joint Venture Airports – Crown Contribution

This appropriation is intended to achieve maintenance of the Crown's interest in joint venture airports, making air travel available in centres that would otherwise not have airports.

The Crown has a 50 percent stake in the following five airports, with the other 50 percent held by the local councils:

- Taupō
- Westport
- Whakatāne
- Whanganui
- Whangārei.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
229	Non-departmental capital expenditure: Joint Venture Airports – Crown Contribution	1,453	1,710	6,294

Assessment of overall performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
100%	Percentage of compliance with the joint venture	100%	100%

Rail – KiwiRail Equity Injection

This appropriation is limited to equity injections to KiwiRail Holdings Limited offset by property transactions in New Zealand Railways Corporation.

Supplementary: This appropriation increased by \$4.153 million to \$10.853 million for 2021/22 due to funding being carried forward from 2020/21 to 2021/22 as a result of delays in property sales by the New Zealand Railways Corporation.

In Principle Expense Transfer from 2021/22 to 2022/23 for \$10.849 million unspent portion of appropriation.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
47	Non-departmental capital expenditure: Rail – KiwiRail Equity Injection	4	6,700	10,853

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
1%	Property transactions are carried out in line with agreed outcomes	0%	100%

Rail – KiwiRail Equity Injection for Transfer of Auckland City Rail Link Assets

This appropriation is limited to equity injections to KiwiRail Holdings Limited for the transfer of assets from City Rail Link Limited.

Supplementary: This is a new appropriation of \$200 million for 2021/22 to achieve the transfer of ownership of Auckland City Rail Link assets to KiwiRail Holdings Limited.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
-	Non-departmental capital expenditure: Rail – KiwiRail Equity Injection for Transfer of Auckland City Rail Link Assets	151,254	-	200,000

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/Targets
New measure	Auckland City Rail Link assets transferred to KiwiRail Holdings Limited	Achieved	Achieved

Outcome of investment: Enabled KiwiRail to give effect to the transfer of ownership of Auckland City Rail Link assets to KiwiRail Holdings Limited.

Rail – KiwiRail Holdings Limited

This appropriation is limited to a capital injection to KiwiRail Holdings Limited to finance approved capital expenditure on the New Zealand rail system.

Supplementary: This appropriation decreased by net \$136.240 million to \$616.478 million for 2021/22 due to:

- \$241.943 million transferred from 2021/22 to 2022/23 to align funding with the updated project schedules after detailed planning for a number of projects including the new interisland ferry assets, work on the Waltham maintenance facility, and railway rolling stock investment.
- This decrease was partially offset by:
 - \$66.292 million increase due to approved changes to the KiwiRail projects delivered under the New Zealand Upgrade Programme.

APPROPRIATIONS

- \$36.700 million carried forward from 2020/21 to 2021/22 due to the rephasing of funding for the new interisland ferry assets.
- \$2.500 million transfer from the New Zealand Upgrade Transport Projects – Tagged Capital Contingency to address a funding shortfall for the Ashburton Fairfield Freight Hub project.
- \$0.211 million transferred from the Auckland City Rail Link appropriation to fund KiwiRail's capital costs in preparing for the delivery of the City Rail Link.

In Principle Expense Transfer from 2021/22 to 2022/23 for \$2.721 million unspent portion of appropriation.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
706,750	Non-departmental capital expenditure: Rail – KiwiRail Holdings Limited	613,757	752,718	616,478

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
95%	Capital is invested in the New Zealand rail system as approved by shareholding Ministers	100%	100%

Outcome of investment: Renewal and maintenance of core freight and tourism assets including: ferries and landside facilities; renewals and refurbishment of existing locomotives, wagons, carriages and related equipment; safety critical and compliance works of circa 1,500 buildings and associated sites; improvements to the digital landscape of KiwiRail; and security related spend to ensure the protection of property.

Rail – New Zealand Railways Corporation Equity Injection

This appropriation is intended to achieve an equity injection to New Zealand Railways Corporation relating to property transactions funded by KiwiRail Holdings Limited.

Financial performance

2021 Actual \$000		2022 Actual \$000	2022 Budget \$000	2022 Forecast \$000
22,697	Non-departmental capital expenditure: Rail – New Zealand Railways Corporation Equity Injection	25,415	62,000	83,303

Assessment of performance

2021 Actual	Performance measures	2022 Actual	2022 Standards/ Targets
52% completed with remainder carried forward to 2021/22	Property transactions are carried out in line with agreed outcomes	31%	100%

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