



Pūrongo ā tau
2022 – 2023 | Annual
Report 2022 – 2023



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. The text is centered in the upper half of the image.

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

Te whakataki ā Te Tumuwhakarae | Chief Executive's introduction

**Tēnā koutou katoa.
Transport is about people.
We move to go to work
or school, to connect
with whānau, friends
and communities,
and to shift materials,
equipment, and services.**

Transport underpins and shapes broader social, economic and environmental outcomes across the nation. Delivering and maintaining a transport system that enables New Zealanders to flourish is central to the work of Te Manatū Waka.

When our transport system is compromised, as we saw with the extreme weather events earlier in 2023, the impacts are widely felt across regions, towns, businesses and whānau. The tragic loss of life, and devastation suffered in rural and urban areas led to a nationwide outpouring of aroha and support.

As part of the all-of-government response, Te Manatū Waka joined a rapid and coordinated effort by central government agencies and local government to support affected communities. Work to restore our transport network and increase resilience against future weather events is further supported by time-limited updates to legislation so rebuild efforts can be accelerated on damaged state highway and rail infrastructure.

Transport has a major role to play in minimising the effects of climate change through emissions reduction across all modes of transport. A transition away from fossil fuels to locally generated renewable energy is crucial to reducing emissions in the transport system.

This year, to drive the uplift of zero and low emissions light vehicles in the light vehicle fleet, the Ministry delivered the Clean Car Standard which complements the Clean Car Discount programme.

In 2022, the market share of battery-electric and plug-in hybrid cars in New Zealand was almost 20 percent. In June 2023 new electric vehicle sales accounted for almost half (47.7 percent) of all new passenger vehicle registrations, making New Zealand one of the fastest growing markets for EVs globally.

Over the past year Te Manatū Waka has increased our focus on looking to the future of transport and how our transport system can be strengthened to meet the needs of the generations to come. A notable achievement is the passing of the Civil Aviation Bill, a large and complex piece of legislation that ensures our civil aviation rules are fit for purpose in the 21st century.

Importantly, the new Civil Aviation Act strengthens safety standards across our aviation system. It also provides a framework to allow Aotearoa to meet its international aviation emissions obligations. This is a significant piece of work for Te Manatū Waka and the wider aviation sector. As sector leaders we will lead the implementation of the new Act in collaboration with the Civil Aviation Authority and the aviation sector.

CHIEF EXECUTIVE'S INTRODUCTION

We are now three years into delivering our 10-year road safety strategy – Road to Zero. The strategy and initial three-year Action Plan set out a roadmap for achieving a 40 percent reduction in the number of people who die or are seriously injured on our roads (from 2018 levels) by 2030. There has been good progress under the first Action Plan. Five percent fewer people were killed or seriously injured on our roads in 2022 compared to 2018.

Over the last year we progressed key policy changes for setting speed limits and new legislation on drug driving. In addition, we strengthened our road safety leadership through cross-Ministerial and cross-agency governance groups. There is more work to be done, and together with our road safety partners, we are committed to reducing deaths and serious injuries on our roads.

Te Manatū Waka continues to build Māori capabilities to meet the expectations of Te Tiriti o Waitangi and strengthen the Māori Crown relationship. Ensuring Māori can thrive in our transport system is important to us which is why we have worked hard to lift our Māori capability over recent years. As part of Hei Arataki, the Ministry's Māori strategy, we created a senior Kaiārahi Māori position to provide leadership to help us to engage with Māori in a meaningful way.

Over the past year, a strategic approach towards Māori engagement has been undertaken across numerous work programmes. This includes engagement with Tairāwhiti iwi as part of the Cyclone recovery, the Manukau Harbour Feasibility Study, the NZ Freight and Supply Chain Strategy and Haumarū Tāngata Ki Uta Ki Tai / Recreational Safety and Search and Rescue Review.

The fundamental purpose of our transport system is to enable New Zealanders to move, to improve people's wellbeing, the liveability of places, and enable social and economic growth. The Ministry's Outcomes Framework continues to guide policy development and assessment within the Ministry and across the transport Crown agencies.

The commitment and dedication of our Te Manatū Waka whānau shone brightly over the past year. The ability to nimbly respond to Government priorities and extreme weather events, while delivering regulatory stewardship across the transport system truly reflects the Ministry's values; to be bold, invested and collaborative.

We know that our work is vital to the safety and prosperity of everyone in Aotearoa and we are committed to providing the Government with the highest level of advice to enable New Zealanders to flourish.

Ngā mihi



Audrey Sonerson

Chief Executive, Ministry of Transport

Te taunākī kawenga | Statement of responsibility

I am responsible, as Chief Executive of Te Manatū Waka 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 2023 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 2024 and its operations for the year ending on that date.



Audrey Sonerson

Chief Executive, Ministry of Transport
2 October 2023



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Section 1

Te Manatū Waka | The Ministry of Transport

Who we are and what we are about



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.



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.



Auckland Light Rail Limited

Progress the ALR Project into the detailed planning phase to enable the Crown to make a final investment decision. This involves business case work, technical assessments and detailed design, master planning, community and stakeholder engagement, associated applications for consenting, developing procurement and land acquisition strategies. Established in late 2022 under Schedule 2 of the Crown Entities Act 2004, the company is 100% Crown owned.



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.



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.

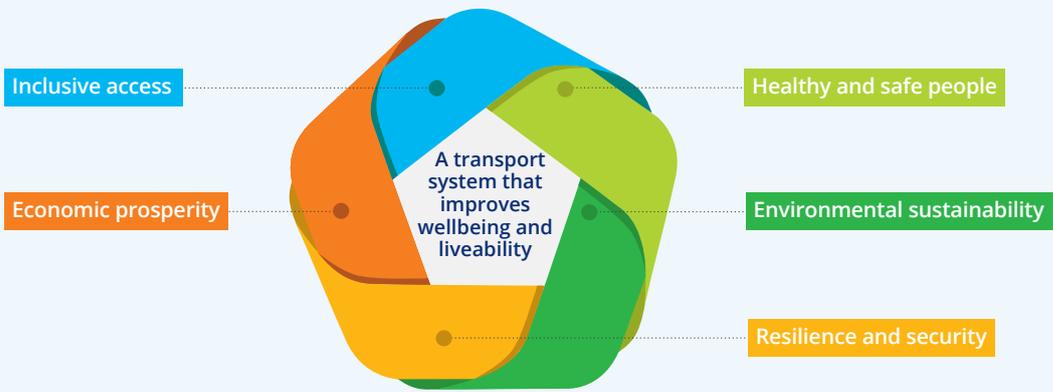
At the heart of our purpose is people. Transport touches people's lives in many ways and directly affects our wellbeing. It provides people with access to social and economic opportunities and plays a critical role in supporting the productivity of our economy.



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
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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
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Our Strategic Focus Areas



Our Work

• Government work programme	• Focus-area-specific deliverables	• Organisational foundations
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Our Values

• He Māia Bold	• Kei Roto Mātau Invested	• He Mahi Ngātahi Collaborative
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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 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 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.

Te whakawhanake i ā mātou tāngata | Developing our people

The Ministry is committed to developing people in their role and their career.

We have good foundations in place with our expectations frameworks, performance and development approach, talent management practices, common capability programme and leadership development strategy.

Some ways we support the development of our people are:

Performance Management	<p>The Ministry encourages high performance and there is a strong focus on improving overall skills. Through various internal channels such as our expectations framework, job descriptions and performance objectives set by reporting managers, standards of performance are identified, articulated, and reinforced.</p>
Continuous Improvement	<p>We take a continuous improvement approach, regularly checking in on our progress, refining our approach and providing new resources and offerings. The foundations that support us to develop our people include:</p> <ul style="list-style-type: none"> • Performance and development planning, conversations and review. • Expectations frameworks which provide detailed expectations at different role levels. • An articulated approach to development documented in our learning and development policy and on our intranet. • A talent management approach that supports quality career conversations and targeted development planning, and provides an organisational view of talent to inform workforce planning. • A commitment to building policy capability guided by our Policy Quality Committee. • Our progression framework, which recognises the importance of growing our own talent and supporting people to progress in their careers. • Our rotation policy, which provides a mechanism for people to rotate teams • Our leadership development strategy to support our leaders to perform across our leadership expectations. <p>We offer a centralised training programme that targets training needs that are common for many people across the Ministry. The range of courses varies from year to year and is identified from our performance and development plans, organisational priorities, talent conversations and general feedback.</p>
Organisational systems and processes	<p>The Ministry is committed to continuous improvement of our systems and processes to support delivery in our role as the Government's system lead on transport. Initiatives include:</p> <ul style="list-style-type: none"> • The launch of a new progression framework, to recognise the importance of growing our own talent and supporting our people progress in their careers. • A reset of our Policy Quality Committee, which provides strategic leadership for building policy capability through the internal policy review panel, training and development and specific activities linked to our priorities.

Te rereketanga me te whakauru | Diversity and inclusion

The Ministry is committed to building and maintaining an inclusive workplace that increasingly reflects the diversity of Aotearoa.

Increasing our diversity and being inclusive of diversity will make us an even better place to work and improve transport outcomes for all New Zealanders – enabling our people and New Zealanders to flourish.

We have refreshed our Diversity Equity and Inclusion (DEI) strategy and are currently working on a new action plan, built with input from our DEI working group and champions.

Our refreshed approach aims to make our goals and plans more visible, get more people involved and bring alignment to the great work different people and groups are already doing across Te Manatū Waka. Ultimately, we want to embed a DEI lens into our work and interactions.

5 focus areas

Our Diversity, Equity and Inclusion work aligns with the Papa Pounamu focus areas:

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

<p>Increasing our Diversity</p>	<p>We've taken some steps towards increasing our diversity including:</p> <ul style="list-style-type: none"> • Improving our advertising and recruitment processes to be more inclusive. We've seen some signs of success, for example an increase in applicants identifying as gender diverse. • Participating in intern and graduate programmes such as Tupa Toa and the Ministry of Ethnic Communities. • Recruiting a Director Māori to lead our Hei Arataki, Māori Strategy. • Improving our data – we now have ethnicity data for 90% of our employees (up from 74% in November 2022). <p>We'll be building on these actions in our new DEI plan and will monitor our progress using the data from the 2024 Public Service Census. We acknowledge we have a long way to go. Increasing our diversity will take time and goes hand and hand with our work on inclusion.</p>
<p>Cultural Competence</p>	<p>We're focused on building understanding and valuing differences among the people we work and interact with, and we mostly use Te Ao Māori in what we do through our Hei Arataki strategy.</p> <p>We've run various events and training sessions over the year to build understanding of different cultures. These include:</p> <ul style="list-style-type: none"> • Neurodivergence in the workplace (attended by approximately 40% of our workforce) • Pride celebration • Pink Shirt Day • Te Tiriti o Waitangi education sessions (attended by approximately 50% of our workforce) • Matariki celebration and education (attended by approximately 65% of our workforce) • Te Reo training levels 1 and 2 (attended by 13% of our workforce). We've been running te reo classes for 5 years • Te Tiriti analysis and rights and interests analysis workshops (attended by approximately 12% of our workforce). <p>Our new DEI plan includes an action to build a more structured programme of events and improve the resources we have available for self-directed learning.</p>
<p>Addressing Bias</p>	<p>We aim to raise awareness, challenge bias, and systematically mitigate bias from our policies and processes.</p> <p>We continue to use unconscious bias training modules to raise awareness, requiring all new starters to complete the modules, and we will be developing plans for other ways to regularly raise awareness.</p> <p>We apply a DEI lens when refining our policies and processes. For example, we've updated our interview guides to include further guidance on bias, and more robust processes for scoring and decision making.</p> <p>We are committed to understanding more about bias in our workplace and recently conducted a deep dive bias and discrimination survey. We are currently analysing the results.</p>



Inclusive Leadership

We expect all leaders to treat people fairly, value diversity and create an environment where people feel they can speak up and be heard.

We're committed to the continuous development of our leaders to support inclusive leadership. This year we launched a modular leadership programme for all leaders, which incorporates inclusive leadership principles and practices. This follows the targeted inclusive leadership training we ran in 2022, which was attended by most of our leaders. Inclusive leadership is also incorporated into our Aspiring Leaders programme.

Employee survey feedback consistently indicates that most (but not all) people at Te Manatū Waka feel we are an inclusive workplace.

Our Te Taunaki Public Service Census 2021 results showed that:

- 85% of people at Te Manatū Waka support and actively promote an inclusive workplace.
- 88% of people felt they could be themselves at work.

We received high scores in leadership, culture, and inclusion in our 2022 Engagement Survey.

The results from a May 2023 leadership capability survey suggest that our leaders are generally demonstrating positive behaviours, creating positive team environments, and empowering staff.

- 92% of responders said their manager "fosters a collaborative environment".
- 87% said their manager "seeks out their views, listens and values their input and perspective".
- 87% said their manager "fosters an inclusive environment".

Building Relationships

We are committed to seeking out and building relationships with people with different worldviews and where we have gaps in our diversity. This includes building relationships across our transport system, with our Māori partners, and genuinely collaborating and engaging with all our stakeholders.

A key focus has been engagement with Māori. Further detail about this can be found in the Māori Crown Relationship section.

Employee-led Networks

We encourage people to come together to initiate, build and participate in employee-led networks.

We currently have the following employee-led networks: Wāhine Network, Rainbow Network, Eco Group and Māori and Pasifika Network (launched 2022).

Our networks meet formally and informally and have organised a range of events including a transport sector International Women's Day Panel Session.

We support our networks with these events and to develop and connect with others. For example, two representatives of our Rainbow Network attended the Cross Agency Rainbow Network Conference this year.

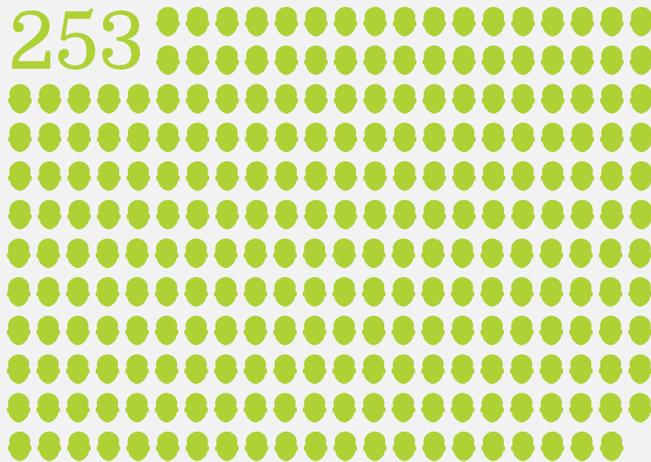
We're working on building alignment and support across our networks and embedding employee-led network representatives into our wider DEI work.

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

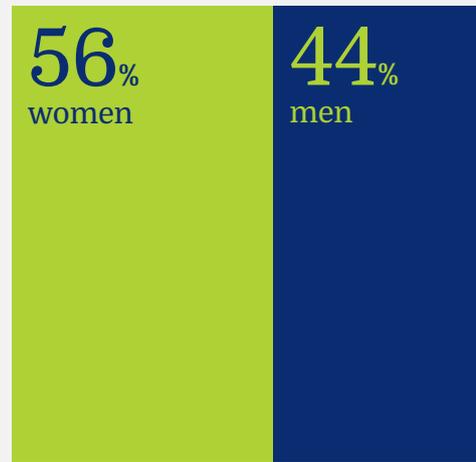
As at 30 June	2022/23	2021/22	2020/21	2019/20	2018/19
Number of employees					
Policy development	129	138	110	106	91
Management	37	36	27	28	25
Administration	87	76	54	41	50
Total headcount	253	250	191	175	166
Turnover	34%	27%	26%	26%	22%
Gender					
Women	56%	44%	55%	51%	51%
Men	44%	56%	45%	49%	49%
Ethnicity distribution					
NZ European	62%	43%	71%	66%	66%
NZ Māori	4%	3%	2%	3%	4%
Pacific peoples	2%	1%	2%	1%	1%
Asian	9%	8%	8%	8%	11%
Other European	13%	16%	16%	16%	13%
Middle Eastern, Latin American and African	2%	2%	1%	-	-
Age distribution (permanent staff)					
20 – 29	27%	29%	27%	21%	23%
30 – 39	33%	34%	30%	31%	26%
40 – 49	18%	16%	18%	19%	19%
50 – 59	18%	17%	20%	23%	25%
60+	4%	4%	5%	6%	7%

2020/21 numbers at a glance

Number of employees



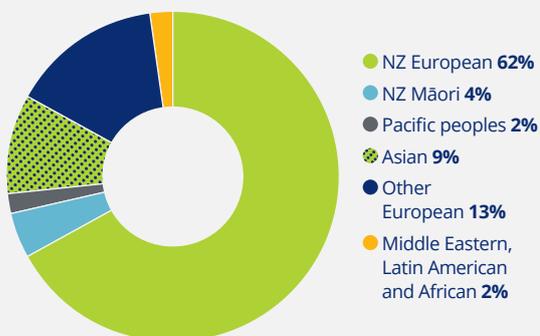
Gender



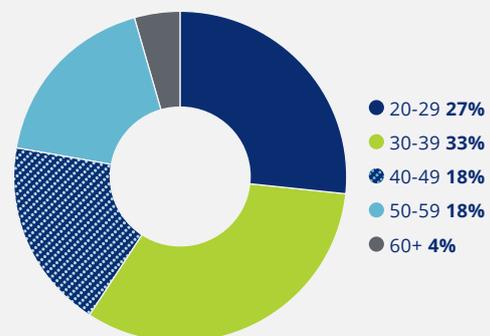
Employee breakdown by role



Ethnicity distribution



Age distribution



Ara whiwhi mahi tautika | Equal employment opportunities

In accordance with the Public Service Act 2020, Te Manatū Waka is committed to fair treatment of employees and equality of employment opportunities.

All employees will have equal opportunity for recruitment, development and promotion regardless of gender, marital status, family responsibilities, ethnicity, disabilities, sexual orientation or age. Our Diversity, Equity and Inclusion programme and people policies support our equal employment opportunities programme.



Kia Toipoto – Mahere Hohenga Āputa Utu ā-Ira ā-Mātāwaka | Kia Toipoto Gender Ethnic Pay Gap Action Plan

Te Manatū Waka is committed to supporting the goals of the Public Service Kia Toipoto Action Plan to:

- make substantial progress toward closing gender, Māori, Pacific and ethnic pay gaps
- accelerate progress for wāhine Māori, Pacific women, and women from ethnic communities (across the Public Service)
- create fairer workplaces for all, including disabled people and members of rainbow communities.

We published our Kia Toipoto Gender Ethnic Pay Action Plan 2022-2023 in November 2022: www.transport.govt.nz/about-us/work-for-us/gender-pay-analysis-and-action-plan

At this time our overall gender pay gap (GPG) was 4.40% (mean)/ 3.67% (median). This was the lowest mean GPG since we began recording in 2015. As a relatively small agency, our pay gaps fluctuate. At 30 June 2023 the overall gap is 9.7% (mean). We will explore this increase further when completing this year's detailed pay gap analysis and planning. Our November 2022 Kia Toipoto Plan showed our mean GPGs were less than 3% when broken down by pay bands or pay band groups, and the primary reason for the overall GPG was occupational segregation – fewer men in our lower pay bands (administration and grad roles).

An area we have been focusing on improving is our starting salaries pay gap. The gender starting salary pay gap reduced our November 2022 plan, from a mean of 11.8% in 2021 to 2.5% in 2022. We attribute this to the introduction of a step-based remuneration system, guidance for managers and process improvements, including the introduction of a remuneration committee to set starting salaries.

We analysed and reported on our ethnic pay gap (EPG) for the first time in our November 2022 plan. With our available data and size, we were able to report a high-level ethnic pay gap using two categories “European” (including NZ European) and “rest”. The overall EPG using this method was 1.86% (mean)/6.67% (median).

<3%

Our November 2022 Kia Toipoto Plan showed our mean GPGs were less than 3% when broken down by pay bands or pay band groups

Āheitanga hononga Karauna ki te Māori | Māori Crown relations capability

A key focus area for everyone at Te Manatū Waka is improving capabilities to support our Hei Arataki Māori Strategy and to improve transport outcomes for Māori.

Māori Crown engagement

Hei Arataki acknowledges that New Zealanders are not flourishing if Māori are not flourishing and sets out our strategic direction to identify issues and opportunities for Māori in transport policy design and delivery.

Over the past year, a strategic approach towards Māori engagement has been undertaken across a number of important work programmes. This includes dedicated engagement with Tairāwhiti iwi as part of the Cyclone Response Rebuild programme, the Manukau Harbour Feasibility Study, the NZ Freight and Supply Chain Strategy and Haumarū Tāngata Ki Uta Ki Tai / Recreational Safety and Search and Rescue Review. In these examples, external experts have often been engaged to provide specialist advice and to help facilitate engagement with iwi. In the case of Haumarū Tāngata Ki Uta Ki Tai, recognised cultural and technical experts are part of the review team, ensuring te ao Māori principles, whakapapa, mātauranga and tikanga are reflected in the review; and systems incorporate key Māori concepts waiora and mauriora.

Te Manatū Waka has also formed a partnership with Te Matangi Māori engagement team of Waka Kotahi. The primary objective is to provide a 'joined-up' approach toward iwi engagement across the transport system. The first significant engagement under this partnership is to undertake iwi engagement as part of the consultation for the Government Policy Statement on land transport (GPS 2024). It is intended that the engagement will build on existing work (such as driver licensing enforcement) and knowledge around iwi aspirations in the transport system. It is intended that this engagement will form the basis for a broader Māori engagement programme across the transport system. Climate Change, Emissions Reduction Plans and the Government Policy Statement on land transport are policy programmes which have been identified as priority areas of interest for Māori.

Te Manatū Waka has also made progress to bring a broader te ao Māori worldview to Te Manatū Waka over the past 12 months. Notable achievements include:

- the appointment of a Director Māori to provide counsel to our Chief Executive and Senior Leadership Team, and lead the further implementation of the Hei Arataki Māori Strategy
- delivery of two workshops for select policy staff to help improve the use of Te Tiriti analysis and rights and interests analysis
- the formation of two working groups:
 - the Māori Engagement Working Group which aims to share how we have engaged and partnered with Māori and to improve on what we have done in this space previously.
 - Te Tiriti and Māori Policy Frameworks Working Group to build on our understanding of Te Tiriti and help embed best practice into the Ministry's core business.
- continuing to offer and deliver te reo courses for staff
- greater use of te reo by Chief Executive and Senior Leadership Team members in staff communications and stakeholder engagements.

Mānawatia a Matariki – Matariki Observance Day

After the successful inaugural Te Rā Aroki a Matariki (Matariki Observance Day) in 2022, Te Manatū Waka held a workshop for Matariki in 2023 to grow awareness of the annual celebration and to continue to build Māori capabilities. The workshop was hosted by the Engagement and Communications team in conjunction with the Manatū Waka Māori and Pasifika Network.

Te Tiriti o Waitangi workshops

Developing our knowledge and understanding of Te Tiriti o Waitangi and the obligations of the Māori Crown relationship is vital to build capability. Te Manatū Waka, in conjunction with consultants Dan Brown and Māhanga Maru, conducted three workshops for Ministry staff on the context and meaning of Te Tiriti o Waitangi, while providing practical guidance to meaningfully engage with iwi, hapū, whānau and Māori. The themes of the three workshops were:

1. History of Te Tiriti o Waitangi and te ao Māori worldview
2. The Māori Crown relationship today and the Government's Te Tiriti obligations and responsibilities
3. Practical engagement with iwi, hapū, whānau and Māori.

Te Whakamahere Reo Māori | Māori language planning

We recognise and value te reo Māori me ōna tīkanga (Māori language and customary practices) in the fabric of Te Manatū Waka as a workplace.

Te Reo Rangatira has three key objectives: te reo Māori being visible, being empowered, and being spoken and heard.

Te Manatū Waka provides staff with te reo Māori training courses which are held approximately three times a year. The programme delivers eight modules of different Kaupapa in which each attendee is assessed by the course leader. Each series of courses is attended by up to 20 staff members.

Te Manatū Waka is finalising an enhanced te reo Māori strategy to provide additional support with clear milestones in the development of our te reo capabilities. The enhanced strategy is aligned with the Whaingā Amorangi plan and objectives from Te Taura Whiri i te Reo Māori Language Commission and Te Arawhiti. The strategy is expected to include a measurement component.

Further initiatives to grow te reo capabilities include the adoption of bilingual position titles which highlight the purpose of each role. Te Manatū Waka proudly uses te reo meeting room names which were adopted in consultation with local iwi. These names are in recognition of the Matariki stars and the coming together of the four winds Ngā hau e whā. Staff also regularly attend waiata sessions and open and close meetings with the Manatū Waka karakia.

➤ **Te Reo Rangatira has three key objectives: te reo Māori being visible, being empowered, and being spoken and heard**

Te Hauora me te haumaruru | Health and safety

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 of our annual flu offering, with over 140 staff vaccinated on site or using our voucher system. Additionally, our annual wellbeing payment was made to all staff to support individual wellbeing across Te Manatū Waka.

We are working on developing an internal wellbeing capability to help develop our overall organisational wellbeing capability and bring together all the great initiatives already in place.

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.

Type	2022/23
Incidents	3
No injury/near miss	0
Work-related ACC claims	0
Incidents requiring notification to WorkSafe	0
Other	0

Pūrongo Tukuwaro-Kore | Carbon neutral report

Te Manatū Waka is committed to the requirements of the Carbon Neutral Government Programme (CNGP) to measure, reduce and report our greenhouse gas emissions.

Carbon Neutral Government Programme (CNGP)

Our 2022/23 emissions data has been independently verified against the ISO 14064-1:2018 standard by Toitū Envirocare and has received Toitū carbonreduce certification.

Total annual emissions and their source

In 2022/23, we emitted 283 tCO₂e (tonnes of carbon dioxide equivalent), a 27% reduction against our base year (387 tCO₂e). Air travel, staff commute and imported energy were the most significant emissions sources.

Our emissions have increased from the previous year, largely due to an increase in air travel and the inclusion of staff commuting as a new emission source in our inventory. Overall, we have made good progress in our attempts to reduce emissions most notably by over 50% in air travel compared to 2019/20.



Table 1: Emissions profile broken down by scope and total emissions (tCO₂e) for financial years

Category	Scope	2019/20	2020/21	2021/22	2022/23
1 Direct emissions	Scope 1	0	0	0	0
2 Indirect emissions from imported energy	Scope 2	57	52	49	49
3 Indirect emissions from transportation	Scope 3	311	50	68	216
4 Indirect emissions from products and services used by organisation		19	20	20	18
5 Indirect emissions associated with the use of products and services from the organisation		0	0	0	0
6 Indirect emissions from other sources		0	0	0	0
Total Gross Emissions (All measured emissions) in tCO ₂ e		387	122	137	283
Change in gross emissions (all Categories) from previous financial year			-68%	13%	106%
Change in gross emissions (all Categories) since base year			-68%	-64%	-27%

Notes:

- The 2019/2020 total has been updated from previous editions to account for an error in our reporting.
- Te Manatū Waka hosts the New Zealand Search and Rescue secretariat (NZSAR), which has been excluded from our emissions reporting as we do not have direct control over their operations.
- In 2022/2023 we also excluded the Auckland Light Rail Delivery Unit (ALRD) as they were not part of Te Manatū Waka's core business.
- These emissions results align with the Ministry for the Environment 2022 measuring emissions guidance.

Table 2: Total emissions breakdown by emission sources 2022/2023

Emission Sources	FY2021/22 tCO₂e	FY2022/23 tCO₂e	% of Total
Air travel international	28.7	86.89	30.74%
Air travel domestic	20.73	58.68	20.76%
Employee commuting	-	48.15	17.04%
Natural gas	33.21	31.16	11.03%
Electricity	15.32	17.58	6.22%
Working from home	15.24	11.93	4.22%
Wastewater services	11.68	11.80	4.18%
Travel accommodation	1.28	5.87	2.08%
Taxis	1.76	3.40	1.20%
Other (mileage, paper, rental car, transmission and distribution losses (electricity & natural gas), waste landfilled, water supply)	9.16	7.15	2.53%

Amendments to the travel policy and creating an international travel emissions budget ensured our air travel did not return to pre-COVID levels and allowed us to maintain reduced air travel emissions.

We have also implemented changes that have reduced our waste to landfill emissions.

Emissions intensity by FTE and expenditure

Since 2019/2020 Te Manatū Waka has had over 40% growth in its full-time equivalent employees (FTEs) along with an increase in expenditure. Despite this, we have seen a reduction in emissions per FTE and per million dollars of expenditure.

KPI	2019/20	2020/21	2021/22	2022/23
FTEs	170	184	241	244
Expenditure (\$m)	47.99	44.24	55.42	60.74
Emission intensity				
Total gross emissions per FTE in tCO ₂ -e	2.27	0.66	0.56	1.15
Million dollars of expenditure in tCO ₂ -e	8.06	2.75	2.47	4.68

Note: The figures in this table exclude the NZ Search and Rescue secretariat and the Auckland Light Rail Delivery Unit

Our reduction targets

Te Manatū Waka has set science-aligned targets to keep global warming to less than 1.5 degrees Celsius of warming as required under the Carbon Neutral Government Programme. Our targets also aligns with 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 305 tCO₂e, or a 21% reduction compared to our base year FY19/20.

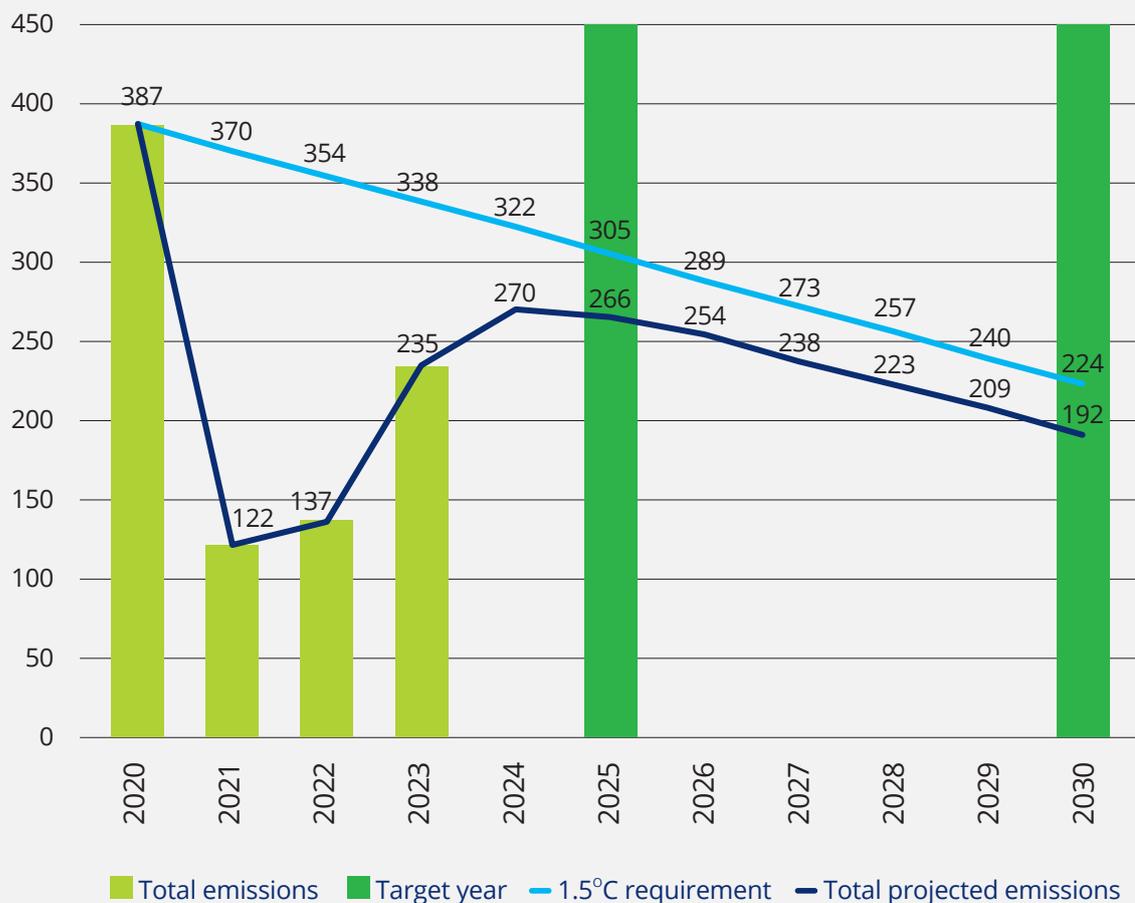
2030 target: Gross emissions (all Categories) to be no more and 224 tCO₂e, or a 42% reduction compared to our base year FY19/20.

Progress towards our targets

Current projections, that factor in our emissions reduction projects, are set to be 31% and 50% less in 2025 and 2030, respectively. We are well on target to meet these projections, as if we exclude staff commute (which was not included in our base year), in 2022/23 we emitted 235 tCO₂e, which is a reduction of 39% emissions against base year.

We project our emissions to raise again slightly next year due to international travel commitments following the easing of travel restrictions, but we are on course to exceed our targets.

Projections and target setting for Te Manatū Waka



Note: Staff commute was added as a new emissions source in 2022/23. It is not included in the total emissions figure for FY2023 and ongoing projections.

Our reduction plan and future reporting

Our future reduction plans target specific areas that will significantly aid our attempts to decarbonise as follows;

- Centralising travel budget and structuring annual international travel plans for the next one to three years
- Sourcing lower emission travel options
- Understanding the energy efficiency of our building by undertaking a NABERSNZ assessment

As part of our commitment to continuous improvement, our plans for the 2023/2024 financial year include:

- Developing travel tools to create a live emissions dashboard allowing greater visibility and reporting of air travel emissions on a day-to-day basis
- Working with external suppliers to get a better understanding of our wider supply chain emissions
- Collaborating with our internal Eco Group and comms team to boost awareness of targets, educate staff on GHG reduction initiatives and seeking opportunities for further reductions
- Improving data collection methods and quality of data available



Section 2

Ā matou kokenga whakaarotau | How we are advancing our priorities

How we expect our key 2022/23
programmes to advance our
strategic priorities in the future
and improve wellbeing and
liveability for New Zealanders



Our 2022/23 work was focused around five strategic priorities that will advance our long-term outcomes and improve wellbeing and liveability for New Zealanders.

The Ministry's vision is a transport system that improves wellbeing and liveability.

To make the biggest impact over the 2021-25 period, our strategic intentions set five priorities that we will focus on. The Ministry refreshed its strategic intentions in May 2023 and reduced its priorities from six to five. Of our previous six strategic priorities, our first priority was to 'Enable transport to effectively respond to, and recover from, COVID-19'. As our work in this area has become part of our business-as-usual activity, this no longer comprises part of our Strategic Intentions, and we have adjusted our strategic priorities to five accordingly:



Priority 1:
Start to decarbonise the transport system



Priority 2:
Improve road safety



Priority 3:
Support liveable cities



Priority 4:
Strengthen New Zealand's supply chains



Priority 5:
Enable emerging aviation technologies

HOW WE ARE ADVANCING OUR PRIORITIES

By focusing on shorter-term strategic priorities we will, over time, achieve the level of change needed in our long-term outcomes to make an ongoing difference to wellbeing and liveability for New Zealanders.

The work that we undertook in 2022/23 will, generally, not impact our strategic priorities until future years.

The following pages set out our five strategic priorities and some of the key work that we have undertaken in 2022/23 and how we expect this to deliver on the strategic priorities in the future.

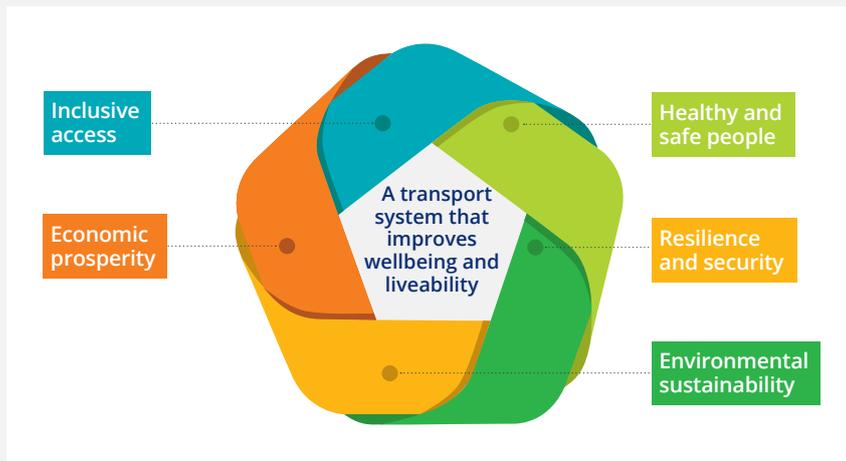
In addition to our five strategic priorities, the Ministry also:

- implemented a significant North Island Severe Weather Events recovery work programme
- exercised a strong Governance function for the transport Crown entities.

➤ **By focusing on shorter-term strategic priorities we will, over time, achieve the level of change needed in our long-term outcomes to make an ongoing difference to wellbeing and liveability for New Zealanders**

Ko ā te Manatū whakaarotau rautaki me ngā putanga pae tawhiti | The Ministry's strategic priorities and long term outcomes

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.

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

- Priority 1:** Start to decarbonise the transport system
- Priority 2:** Improve road safety
- Priority 3:** Support liveable cities
- Priority 4:** Strengthen New Zealand's supply chains
- Priority 5:** Enable emerging technologies

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.

How we are advancing our priorities



Strategic Priority 1: Start to decarbonise the transport system

New Zealand is seeing the results of climate change in a range of ways including extreme weather events.

The Government has recognised that ‘to prevent the climate crisis from getting any worse, we must rapidly cut the pollution we’re putting into the atmosphere’ and that our future exports, our economy, our environment and the wellbeing of our nation depend on a credible plan to bend our emissions curve down to meet our targets.

As part of that, the Government has a goal to reduce transport emissions by 41% by 2035 (from 2019 levels). This is a major component of the Government’s Emissions Reduction Plan and its goal for net-zero long-lived gases by 2050.

There has, overall, been a small downward trend in domestic transport emissions in recent years, although there was an increase from 2020 to 2021.

Some of the Ministry’s key work in 2022/23 that we expect will lead to further reductions in the transport system’s domestic carbon emissions in future years included:

Encouraging people to walk, cycle and use public transport	We advanced a range of policy issues related to congestion charging, and secured funding to expand public transport fare discounts to include free public transport for five-12 year olds and half priced for under-25s. Providing people with more transport options and reducing the need for people to use cars to access their everyday needs will assist with reducing the transport system’s carbon emissions.
Clean Car Discount scheme	We completed a review of the scheme to ensure that it is financially sustainable. Providing rebates will continue to incentivise the uptake of low emissions light vehicles.
EV charging infrastructure	We led the development of a Budget 23 bid that will fund \$120m of EV charging infrastructure around the country. Electric vehicles will be more attractive to buyers as they see that barriers to long distance electric vehicle travel are mitigated.
Emissions Reduction Plan 2	We commenced work on transport’s contribution to the second Emissions Reduction Plan which will be released in late 2024 and come into effect in January 2026. This will provide a fresh set of transport-specific priorities and actions for implementation by transport agencies.

The Ministry's work to progress Priority 1 in 2022/23, as set out in our Strategic Intentions, included the following.

Implement transport chapter of Emissions Reduction Plan

In May 2022, the Government released Aotearoa New Zealand's first Emissions Reduction Plan (ERP1). This outlines an ambitious programme of work comprising more than 300 initiatives across many different sectors. The transport chapter of ERP1 sets out a comprehensive and ambitious approach of 83 initiatives that start us on the journey towards reducing transport emissions by 41 percent by 2035 and reaching net zero by 2050.

The Decarbonising Transport Action Plan (2022-25) was published in December 2022 and sets out in detail how the Government will embed a long-term strategic approach to reducing transport emissions and implement the transport actions in the ERP in the next three years.

The Ministry established an Emissions Programme Office (EPO) in July 2022 to monitor and report on delivery against the ERP initiatives. Reporting includes monthly dashboards with progress reporting on the Minister's priority initiatives, as well as a more detailed quarterly report on the portfolio risks and opportunities. The EPO also provides transport sector content for the all-of-government ERP six monthly report. Ministry officials will provide input for the ERP annual monitoring report.

The transport portfolio made significant delivery progress over the 2022/23 year. Overall, the majority of initiatives progressed as planned during the period, and seven actions were completed. However, there are still significant challenges ahead, including ensuring that the remaining actions are appropriately prioritised and sequenced, and managing the impact of delayed decisions and discontinued projects that could affect our ability to meet the current and future emissions budgets.

We are currently planning for transport's contribution to the second ERP, which is due to be released by the end of 2024 and come into effect from 1 January 2026. Te Manatū Waka will work alongside agencies and the Climate Change Interdepartmental Executive Board to set overarching priorities for the second ERP and develop transport-specific priorities and actions.

Encourage uptake of low and zero emissions vehicles

Nearly 70 percent of all transport CO₂ emissions are from cars, SUVs, utes, vans and light trucks. The ERP sets the target that 30% of light vehicles in our fleet by 2035 will be zero emissions, compared to 1.3¹% today.

Considerable work has gone into designing and implementing policy initiatives to ensure we have cleaner vehicles entering the fleet.

In the new vehicle market, zero emissions vehicles made up 13 percent of sales in 2022/23, double the year prior. Sales of new low emissions hybrids rose to 20%.

1. For the light fleet including commercial vehicles, for EVs only.



HOW WE ARE ADVANCING OUR PRIORITIES

The Clean Car Discount scheme, which provides rebates for purchasers of low emissions vehicles and places a fee on high emitting vehicles, has been operative since July 2021. Uptake of rebates has outperformed Government and industry expectations and consequently, in May 2023, the Government reviewed the schedule of rebates and charges to ensure the scheme is financially sustainable. The new schedule came into effect on 1 July 2023 to focus rebates on the lowest emissions vehicles, and to widen and increase charges.

The Clean Car Discount scheme requires ongoing monitoring and is likely to require an updated schedule in 2024 to ensure income from high emissions vehicles matches the cost of funding rebates.

The Clean Car Standard, designed to progressively reduce the CO₂ emissions of vehicles entering the fleet, came into effect from 1 January 2023. The Clean Car Standard requires vehicle importers to meet emissions targets for all vehicles they import over a year. Importers will receive credits for low emissions vehicles and charges for high emitting vehicles.

The first review of the Clean Car Standard will be completed in 2024 and targets may be adjusted as appropriate. While the rate of EV uptake has been higher than expected, it will need to increase further if we are to meet the 30% by 2035 target.

A draft of 'Charging our Future: National electric vehicle charging strategy for Aotearoa New Zealand' was released for public consultation in March 2023. This strategy signals the Government's long-term vision for EV charging infrastructure and sets priorities for how it will support its development. The updated strategy and proposed 1-3 year government work programme is expected to be agreed by Cabinet in 2023/24.

Budget 23 included a \$120 million package to support the rollout of EV charging infrastructure around the country, to help ensure lack of charging is not seen as a barrier to EV uptake in future.

A key success for 2022/23 has been progressing the Freight and Supply Chain Strategy and scoping of the Clean Heavy Vehicle Grant scheme (covered under other priority areas within this report).

Lower emissions in the aviation and maritime sectors

While international maritime and aviation emissions are not currently included in our domestic emissions reduction targets, the Climate Change Commission is due to report by the end of 2024 on whether they should be included in future. Until such time, it remains important to decarbonise these modes to help meet our international commitments and maintain strong trade relationships.

The Sustainable Aviation Aotearoa (SAA) Leadership Group was established and met for the first time in November 2022. This public-private partnership is providing advice and coordination to accelerate the decarbonisation of Aotearoa New Zealand's aviation sector.

A key focus for SAA in 2023/24 will be to update the State Action Plan to decarbonise aviation and integrate domestic aviation emissions reduction targets.

Ministry officials led Aotearoa New Zealand's delegation to the International Maritime Organization (IMO) in London in June 2023, where a strategy setting an international maritime emissions reduction target was adopted. Member states agreed to reach net zero maritime emissions by, or around, 2050. Further work will begin soon on assessing a range of measures that could aid the sector in emissions reduction, such as a carbon levy to make zero emissions fuel options price-competitive with carbon fuels in the future.

HOW WE ARE ADVANCING OUR PRIORITIES

Following the recent adoption of an international strategy, Te Manatū Waka can now advance a national action plan to reduce maritime emissions, consistent with the international direction.

Work is also underway exploring the feasibility of a green shipping corridor between Aotearoa New Zealand and Australia.

Other work undertaken that supports this priority

Encouraging people to walk, cycle and use public transport

Over 50 percent of the ERP transport initiatives aim to expand the walking and cycling infrastructure, improve the availability and frequency of public transport, and manage traffic more efficiently and effectively. This will provide people with more transport options and reduce the need for people to use cars to access their everyday needs.

Key successes and major milestones over the 2022/23 year included advancing policy issues related to congestion charging, receiving funding to expand public transport fare discounts to include free public transport for five-12-year-olds and half priced for under-25s, commencing the first round of Transport Choices projects, and supporting the public transport workforce through an uplift in bus driver terms and conditions. Detailed content on these work programmes is covered under other priority areas within this report.

During the 2022/23 year, Te Manatū Waka, alongside Waka Kotahi, worked towards a package of work to make it safer and easier for people to travel by active modes. Waka Kotahi and the Ministry worked together on a national light vehicle kilometres travelled (VKT) reduction plan to outline what needs to be done to effectively reduce light VKTs while creating better cities for people. Sub-national VKT reduction targets have also been developed for our largest (Tier 1) urban areas, and both the national plan and sub-national targets are awaiting Ministerial direction. Waka Kotahi has advanced urban VKT reduction programmes intended to outline what it will take to meet the sub-national VKT reduction targets in each urban area. These programmes will be developed with councils, iwi, and communities, and are intended to be guided by the national light VKT reduction plan.

>50%

Over 50 percent of the ERP transport initiatives aim to expand the walking and cycling infrastructure, improve the availability and frequency of public transport, and manage traffic more efficiently and effectively



Strategic Priority 2: Improve road safety

The Road to Zero strategy sets out the Government's vision for an Aotearoa where no one is killed or seriously injured in road crashes.

The ripple effect of these tragedies on families, survivors, colleagues, and local communities, as well as the economy and health system is devastating and

unacceptable. This strategy sets our target for 2030, a 40 percent reduction in deaths and serious injuries by 2030 (from 2018 levels), yet on average, one person is killed every day on New Zealand roads, and another is injured every hour.

There has been a downward trend in deaths and serious injuries since 2017, although those gains have levelled off (for deaths) and risen slightly (for serious injuries since 2020).

Some of the Ministry's key work in 2022/23 that we expect will lead to further improvements in road safety in future years included:

Road to Zero Action Plan 2023-2025

We developed the next Road to Zero Action Plan 2023-2025, which will be published in August 2023. The Action Plan continues to prioritise initiatives that, in combination, will achieve the biggest reductions in the number of deaths and serious injuries on our roads. This includes road infrastructure improvements, safe speeds and enforcement. A number of new actions will be implemented including improving the effectiveness of the alcohol interlock sentence and adopting a standard for motorcycle personal protective equipment.

Road to Zero Monitoring Report 2021

We published the Road to Zero Monitoring Report for the 2021 calendar year. We expect that this work will improve road safety by driving action and holding relevant agencies accountable for the delivery of the Road to Zero Strategy and its Action Plan.

Road Safety Penalties Review

This work will improve road safety by ensuring that penalties and enforcement mechanisms are appropriate and support both road safety and equitable outcomes.

The Ministry's work to progress Priority 2 in 2022/23, as set out in our Strategic Intentions, included the following.

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

Road to Zero, New Zealand's road safety strategy, is based on a vision of Aotearoa New Zealand where no one is killed or seriously injured in road crashes. As a step towards achieving that vision, Road to Zero sets a target for reducing deaths and serious injuries on our roads by 40 percent (from 2018 levels) by 2030.

Te Manatū Waka has worked closely with our road safety partners to progress a number of initiatives outlined in the Road to Zero Action Plan 2020 – 2022, including:

- publication of the Road to Zero monitoring report for the 2021 calendar year
- working with Waka Kotahi to establish the Speed Management Committee
- continuing work on a review of road safety penalties, to help ensure that penalties and enforcement mechanisms support both road safety and equitable outcomes
- providing advice on a vehicle standards work programme which aims to improve the overall safety of our vehicle fleet
- working with NZ Police to provide advice to Ministers on options to progress a roadside oral fluid (saliva) testing regime, after a suitable device that met the approval criteria in the relevant legislation was unable to be identified.

Work on these initiatives will continue into 2023/24.

Working with our road safety partners, we finalised the next Road to Zero Action Plan 2023-2025. The Action Plan represents an evolution of the actions undertaken in the initial action plan, ensuring that initiatives that achieve the biggest reductions in the number of people being killed or seriously injured on our roads are prioritised. Several new actions were incorporated, including looking at options to improve the effectiveness of the alcohol interlock sentence and adopting a standard for motorcycle personal protective equipment. The new Action Plan was published in August 2023.

We will continue work to progress initiatives outlined in the Action Plan.

➤ **Road to Zero sets a target for reducing deaths and serious injuries on our roads by 40 percent (from 2018 levels) by 2030**



Strategic Priority 3: Support liveable cities

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. Public transport, walking, and cycling improvements need to be prioritised to support higher-density developments and more housing. These transport modes can deliver significant health and economic benefits, ease congestion, and reduce emissions. 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.

Some of the Ministry's key work in 2022/23 that we expect will improve wellbeing and make our cities more liveable in future years included:

Tāmaki Makaurau Transport Outcomes	Jointly agreed outcomes will support prioritised investments and monitoring of progress against agreed outcomes to support Auckland Tāmaki Makaurau to be more liveable in the future.
Tāmaki Makaurau Transport Plan	This plan is being developed under the sponsorship of the Minister of Transport and the Mayor of Auckland, to make Auckland Tāmaki Makaurau more liveable in the future by setting a long-term strategic direction for Auckland and providing guidance to the three-year detailed plan to be developed as part of Auckland's Regional Land Transport Plan.
Congestion Charging	We expect that the Congestion Charging Bill, once introduced to Parliament and passed, will make our cities more liveable by enabling territorial authorities to propose congestion charging schemes that will work for their local conditions.
Community Connect	The national rollout will commence in July 2023, making public transport more affordable. It offers a 50% fare discount for Community Services Card (CSC) holders and 13-24-year-olds, with free fares for under 13s and half-price Total Mobility fares for Total Mobility cardholders. Community Connect will make our cities more liveable by providing people with more transport options.

The Ministry's work to progress Priority 3 in 2022/23, as set out in our Strategic Intentions, included the following.

Auckland Transport Alignment Project (ATAP)

The Auckland Transport Alignment Project (ATAP) is a partnership between central government and Auckland Council, aimed at agreeing transport priorities for Auckland over the short and long term.

The Ministry plays a lead role in facilitating the partnership working with Waka Kotahi, KiwiRail, Treasury, Auckland Council and Auckland Transport. In the year to June 2023, we jointly developed the Tāmaki Makaurau Transport Outcomes to help prioritise investments and monitor progress against agreed outcomes.

We have also been working with the ATAP partners to develop a Tāmaki Makaurau Transport Plan, sponsored by the Minister of Transport and the Mayor of Auckland. This sets a long-term strategic direction for Auckland and provides guidance to the three-year detailed plan to be developed as part of Auckland's Regional Land Transport Plan. The plan considers ongoing requirements of the transport system such as maintenance and operating public transport, key programmes such as safety and major rapid transit projects.

City-specific programmes

For both the Christchurch mass rapid transit (MRT) Indicative Business Case and the Let's Get Wellington Moving (LGWM) programme, the Ministry is undertaking a monitoring role to ensure the progression of key decisions.

The Christchurch MRT Indicative Business Case (IBC) outlines the case for investment into mass rapid transit to enable sustainable growth as outlined in the Greater Christchurch Spatial Plan. LGWM is a portfolio of multi-modal transport projects designed to support Wellington urban development, regeneration, and improved liveability.

Public consultation on Christchurch MRT took place in early 2023. There was strong support from submitters. The Indicative Business Case was also finalised and received endorsement from key stakeholders. Construction on smaller LGWM projects commenced.

Waka Kotahi will continue to complete pre-Detailed Business Case (DBC) investigations that will be used to advise a future DBC. Construction will continue for smaller LGWM projects and further planning will occur for substantial projects.



Resource Management Act reform

The Ministry is supporting the cross-government work to reform New Zealand's resource management system and has been active in providing advice on the new Natural and Built Environment Bill and Spatial Planning Bill.

The first two Bills to replace the Resource Management Act 1991 went before the House and have been enacted. This work is now starting to focus on transition and implementation of the new system. The Ministry is working with the transport sector agencies to prepare for agencies' changed functions under the new system.

The Ministry has worked across government agencies to assist with the development of complex legislation and provided significant advice in a shifting context seeking to ensure that transport is adequately reflected where practical.

The Ministry will continue to work with other agencies to develop the first National Planning Framework and Central Government priorities for Regional Spatial Strategies. The Ministry will also continue to provide insight to the development of the Climate Adaptation Act, the final of the three reform acts.

➤ **The Ministry has worked across government agencies to assist with the development of complex legislation**

Public Transport Operating Model (PTOM)

We reviewed the Public Transport Operating Model (PTOM) to consider whether it achieved the original objectives and remained fit for purpose to support the Government's objectives. The review identified opportunities to align the regulation of public transport with the Government's desired outcomes and to address known issues in the sector.

In August 2022, Cabinet agreed to replace PTOM with the Sustainable Public Transport Framework (SPTF) and agreed to progress necessary legislative amendments. We worked with the Parliamentary Counsel Office to draft the Land Transport Management (Regulation of Public Transport) Amendment Bill, which Cabinet approved for introduction in February 2023. The Bill was introduced in March 2023 and referred to the Transport and Infrastructure Committee. We supported the Committee with its consideration of the Bill.

The development of the Bill and passage of the Bill through Parliament has proceeded in line with the planned timeline. Submissions on the Bill to the Committee were largely supportive of the proposed changes.

The Committee is due to report back by 31 July 2023. There will be four sitting weeks in August for the final stages of the Bill in this parliamentary term. Waka Kotahi will continue to develop operational policy in parallel with the passage of the Bill.

Community Connect

Community Connect is a targeted package aimed at making public transport more affordable. It offers a 50% fare discount for Community Services Card (CSC) holders and 13 to 24-year-olds, with free fares for under 13s and half-price Total Mobility fares for Total Mobility cardholders.

We have been working closely with key stakeholders to prepare for the national rollout from 1 July 2023.

- We provided advice to the Minister of Transport to support consideration through Budget 2023, and provided further advice on interim arrangements and regional considerations once funding was confirmed.
- We supported the Ministry of Social Development (MSD) to create a registration portal for CSC holders, which went live at the end of May 2023.
- We signed a funding agreement with Waka Kotahi in June 2023 to enable reimbursement of fare revenue foregone under the programme.

Review of the Total Mobility Scheme

In December 2022, the Government announced permanent half-price Total Mobility fares for Total Mobility cardholders.

Te Manatū Waka, Waka Kotahi, and public transport authorities (PTAs) worked at pace to deliver Community Connect and were prepared to launch from 1 July 2023. All PTAs were also ready to implement Community Connect extensions, with some PTAs implementing interim arrangements.

PTAs will provide regular updates on the scheme's uptake and costs. We will work with key stakeholders to monitor Community Connect.



HOW WE ARE ADVANCING OUR PRIORITIES

Congestion pricing

The Congestion Charging work aims to enable territorial authorities to propose congestion charging schemes that will work for their local conditions.

In the first half of 2023, we completed the drafting of a Congestion Charging Bill. We expect Ministerial decisions on any further progress of the Bill to happen following the 2023 general election.

Over the last year, Cabinet has approved a policy framework for congestion charging and a Bill has been drafted and approved for introduction. The date for introduction is expected to be set by the Government.

The next key steps for the congestion charging project in 2024 are to continue the legislative process to place a congestion charging Bill into law. Following final legislative decisions, there is an opportunity for the Ministry to work with Territorial Authorities interested in preparing a congestion charging proposal.

Hamilton-Auckland Intercity Connectivity Indicative Business Case

This work aims to investigate opportunities for a higher-speed rail connection between Hamilton and Auckland.

We have completed an Indicative Business Case (IBC) looking at options to significantly reduce travel time between Hamilton and Auckland and understand the impact on the region's growth and development. This IBC and any next steps are currently being considered by the Minister of Transport.

Successes include completion of the IBC and working with transport agency stakeholders and technical experts to provide advice to the Minister on options for next steps.

Next steps are awaiting decision from the Minister of Transport and will be determined in the context of strategic work on interregional rail and the outcome of the Te Huia trial.



City Rail Link

The City Rail Link project is being delivered by CRL, a company established by the Crown and Auckland Council as joint Sponsors, each funding it 50/50.

Te Manatū Waka is the lead monitoring department for City Rail Link Limited (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 and policy matters to the Ministers of Transport and Finance. We also carry out accountability reporting. Sponsor approval matters include approvals of material contracts, major transactions, scope change requests and key delivery strategy components.

The Ministry helps to facilitate the best possible outcome of the Sponsors' investment by coordinating 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 securing additional funding for the project to resolve COVID-19 claims and cost increases due to supply chain issues, increased material costs and workforce pressures; leading the review of the Targeted Hardship Fund; and approval of the Eke Panuku and Kāinga Ora precinct development programme for areas around the Karanga a Hape and Maungawhau stations.

Updated note re additional investment (page 79 in 2021-22 report)

In April 2023, project Sponsors approved a request for additional funding from CRL for \$1.074 billion to address delays and increased costs (the majority caused either directly or indirectly by COVID-19), with each sponsor paying for half of the increased costs. At the same time, the practical completion date was amended to November 2025. The new practical completion date of November 2025 will potentially enable public operations to start by mid-2026. The revised cost envelope for completing the entire CRL project now totals \$5.493 billion. With civil works largely completed, delivery partners are working as one team, with the focus moving to fit out, system integration, testing and commissioning in preparation for day one of operations.

➤ **In April 2023, project Sponsors approved a request for additional funding from CRL for \$1.074 billion to address delays and increased costs**



Strategic Priority 4: Strengthen New Zealand's supply chains

The freight and supply chain sector underpins all sectors of the economy, connecting those producing goods and materials to those who need them.

While the sector faces significant challenges, there is an opportunity to fundamentally transform the system for the better and achieve the best outcomes for New Zealand.

The level of import/export freight moved by the transport system has grown significantly over the last decade. Alongside that, major disruptions to freight and supply chains in recent years, caused by COVID-19, severe weather events in the North Island, and the war in Ukraine, have all contributed to increasing costs, delays, and uncertainty of doing business.

Some of the Ministry's key work in 2022/23 that we expect will lead to stronger supply chains in future years included:

Aotearoa New Zealand Freight and Supply Chain Strategy

The Strategy will be launched in August 2023 to strengthen New Zealand's supply chains. Underpinned by zero emissions freight transport, its long-term vision is for the freight and supply chain to be resilient, reliable, prepared for potential disruptions, and highly productive and efficient. An initial set of actions, built on the most urgent areas for effort, feedback from stakeholders, and laying foundations for longer term planning, sits alongside the strategy.

Supporting the freight sector through global disruptions

Negotiations concluded on a new supply chains agreement as part of the Indo-Pacific Economic Framework. Partner countries have committed to share information, identify stress points and collaborate on practical solutions to supply chain risks. We expect that this will strengthen New Zealand's supply chains by allowing the Ministry to raise awareness amongst freight sector stakeholders and exporters about the potential risk of disruption to international freight movement, and encourage companies to make plans in response to disruption.

Dry dock at Northport

If the dry dock goes ahead, it will strengthen New Zealand's supply chains. A new dry dock capable of supporting our largest coastal shipping, interisland and Defence vessels would reduce both carbon emissions and the substantial cost of maintaining these vessels, among other strategic benefits.

The Ministry's work to progress Priority 4 in 2022/23, as set out in our Strategic Intentions, included the following.

Supporting the freight sector through global disruptions

As a distant trading nation, New Zealand's economic prosperity depends on robust international freight connections to overseas markets. Disruptions like those experienced during the COVID-19 pandemic could be repeated in future due to natural hazards, conflict or other causes.

We have been undertaking work domestically and with international partners to identify approaches to improve supply chain resilience. Part of this work has included building our understanding of our position in the global shipping network. The Ministry has been analysing vessel movements to identify geographical vulnerabilities, and researching the network planning process amongst international container shipping lines. An improved understanding of the factors shipping companies consider when planning their services is a foundational step, enabling us to take steps to ensure New Zealand remains an attractive market for shipping lines to serve.

In May 2023, negotiation concluded on a new supply chains agreement as part of the Indo-Pacific Economic Framework. Partner countries have committed to share information, identify stress points and collaborate on practical solutions to supply chain risks.

Through targeted engagement in 2024, the Ministry intends to raise awareness amongst freight sector stakeholders and exporters about the potential risk of disruption to international freight movement, and encourage companies to make plans in response to disruption.

Freight and Supply Chain Strategy

Over the coming years, there will be further challenges including climate change, increasing geopolitical volatility, new technologies, and growing population and densification.

The strategy aims to establish a more integrated and coherent approach to resolving these issues. It sets out long-term strategic goals and a vision for how our freight and supply chain system needs to evolve.

The Aotearoa New Zealand Freight and Supply Chain Strategy was agreed by Cabinet in June 2023.

Over the last 12 months, work to finalise the strategy has included analysing submissions received through public consultation, which closed in June 2022, further engagement with sector partners, data analysis, and preparing a strategy document and initial action plan.

The strategy sets out an ambitious programme to transform the freight and supply chain system. It establishes what we need to focus on to achieve our vision and when, and how we use our limited resources effectively. The strategy articulates a long-term vision for the freight and supply chain to be underpinned by zero emissions freight transport; resilient, reliable, and prepared for potential disruptions; highly productive and efficient; and uphold safety and environmental sustainability.



An initial set of actions, built on the most urgent areas, feedback from stakeholders, and laying foundations for longer-term planning, sits alongside the strategy. These actions are initial commitments based around:

- ports being the connections to their communities
- road freight decarbonisation
- data sharing and interoperability
- international engagement.

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.

Our focus for 2023/24 is delivering the initial action plan, laying the foundations for the programme for long-term delivery, and developing a second action plan for release in 2024.

Implementing and monitoring of the Future of Rail review

The Future of Rail Review is a project to clarify how rail can contribute to New Zealand's transport system, identify the challenges it faces, and recommend changes so rail can play a stronger role in transport. A key outcome of the review is the development of a new planning and funding framework for rail, to better integrate rail into the land transport system.

Working closely with KiwiRail, Waka Kotahi and councils, the Ministry has made steady progress to implement this work. In July 2022, a review into the KiwiRail entity form was concluded and confirmed the status of KiwiRail as a State-Owned Enterprise. We worked closely with KiwiRail to develop its budget 2023 bids for additional Crown funding, of which \$369.2 million was approved, to support a reliable and resilient rail system, while \$200 million was allocated for rail reinstatement following North Island extreme weather events. We also worked closely with Greater Wellington Regional Council to progress its successful budget

2023 bid for \$455 million Crown funding to support new rolling stock and associated infrastructure for the lower North Island. In addition, the Ministry supported the Rapid Review into KiwiRail following major disruptions on the Wellington metro rail network in April/May 2023.

We will be working closely with KiwiRail and Waka Kotahi in developing the next version of the RNIP (2024-2027) and will progress the recommendations from the Rapid Review into KiwiRail Rail recommendations.

Coastal shipping

The Ministry is supporting a sustainable coastal shipping sector, with coastal shipping having a much lower emissions profile than other forms of freight transport, and creating better resilience in our transport network.

We have been working with shipping stakeholders, local hapū and iwi, and other interested parties on a business case for a new dry dock at NorthPort in Whangārei. A new dry dock capable of supporting our largest coastal shipping, interisland and Defence vessels would reduce carbon emissions and the substantial cost of maintaining these vessels, among other strategic benefits. The business case is being finalised and delivered to Ministers in mid-2023.

As an example of the resilience benefits, one of the new vessels funded through the Waka Kotahi activity class that we supported in 2022, was underwritten by the Government in March 2023 to run a temporary coastal cargo service between Napier and Gisborne after State Highway Two was closed due to cyclone damage.



Strategic Priority 5: Enable emerging aviation technologies

The Ministry is contributing to development of a safe and innovative aviation sector, by leading the cross-agency regulatory work programme to enable drone integration.

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.

Our work programme aligns to the Aotearoa New Zealand Aerospace Strategy, released in June 2023, including the goals to establish a sustainable air-passenger journey and safely integrate autonomous aerial vehicles.

How we are
advancing our priorities

Some of the Ministry's key work in 2022/23 that we expect will enable emerging aviation technologies in future years included:

Enabling Drone Integration	We are continuing to progress the Enabling Drone Integration package that aims to enhance the regulatory framework for drone operations. The package is the building block for supporting autonomous operations.
Emerging Aviation Technologies	We are continuing to support the Civil Aviation Authority's Emerging Technologies Programme. We expect that this will enable the safe and effective integration of emerging technologies into the civil aviation system.
Airspace Integration Trials Programme	We continue to support the Airspace Integration Trials Programme which provides a mechanism for the Government to work with leading and innovative domestic and international industry partners. We expect that this will enable emerging aviation technologies in New Zealand as 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.
Uncrewed aircraft systems management (UTM)	We are in the early stages and working with the sector to determine what a UTM framework could look like in New Zealand. UTM will play an important role in managing uncrewed aircraft and airspace challenges as we seek to integrate autonomous aircraft into the aviation system.
Aerospace Strategy	We continue to support the implementation of this Ministry of Business, Innovation and Employment (MBIE) led strategy and progress the detailed action plan that sets out the first concrete actions in pursuit of the strategy's goals.



HOW WE ARE ADVANCING OUR PRIORITIES

<p>Civil Aviation Act 2023</p>	<p>The Civil Aviation Bill was enacted in April 2023. It provides a future-focused framework for a safe and secure civil aviation system. One of the Act’s additional purposes is to promote innovation, effectiveness, and efficiency in civil aviation. The Act sets out the responsibilities for the operation of new and emerging technologies and provides new intervention powers to respond to the serious misuse of remotely piloted aircraft.</p>
<p>Air Navigation System Review</p>	<p>We supported the Air Navigation System Review through provision of secretariat services and participation on the stakeholder reference group. The review found that while the system is not in crisis, it requires a fundamental system reset to accommodate greater and more diverse use of airspace and be more responsive and adaptable to new demands. Achieving this will require buy-in from all industry participants, but we will play a role in guiding the aviation sector through implementation of the review’s recommendations.</p>



The Ministry's work to progress Priority 5 in 2022/23, as set out in our Strategic Intentions, included the following.

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 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.

We consulted on a drone package called Enabling Drone Integration in 2021. This package provides for the foundational elements to enable drone integration including future proposals on Uncrewed Aircraft System 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 by Cabinet. Cabinet decision on the package is expected in early 2024.

Supporting the development of New Zealand's Aerospace Strategy

We continued to have an active role in the MBIE-led Aerospace Strategy. We will continue to work with MBIE to progress the detailed action plan that sets out the first concrete actions in pursuit of the strategy's goals.

We continue to support the Airspace Integration Trials Programme, which provides 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.

We are continuing to support the Civil Aviation Authority's Emerging Technologies Programme, which was set up to work with emerging technology aerospace and aviation stakeholders to enable the safe and effective integration of emerging technologies into the civil aviation system.

Civil Aviation Bill

The Civil Aviation Bill was passed by Parliament and the Civil Aviation Act 2023 received Royal assent on 5 April 2023. It comes into force on 5 April 2025 unless brought in sooner by Order in Council. It will repeal and replace the Civil Aviation Act 1990 and the Airport Authorities Act 1966. The objective of the 2023 Act is for a single, modern statute that will provide a platform for safety and security within (and appropriate regulation of) the civil aviation system now and well into the future.

Among other key changes, the 2023 Act strengthens the management of the risk of drug and alcohol impairment in the commercial aviation sector (this responds to the issues raised by the Carterton balloon incident in 2012).

The 2023 Act also sets out functions for the Secretary for Transport, which the Ministry is working to implement by the time the Act comes into force, and gives effect to New Zealand's commitment to meet international aviation emissions obligations.

Te Whakaoranga i ngā tūāhuatanga huarere taikaha i te Ika-a-Māui | Recovering from the North Island severe weather events

Severe weather events in January and February 2023, including Cyclone Gabrielle, the Auckland Anniversary floods and ex-Cyclone Hale, caused significant damage to the roading and rail network.

State highways and local roads suffered extensive damage, cutting off access to thousands of people and disrupting key freight corridors. While the damage was widespread, the most impacted communities include Northland, Auckland, Coromandel, Waikato, Tairāwhiti, Wairoa and Hawke's Bay.

During the North Island weather events, the Ministry activated the Transport Response Team (TRT). The TRT is the established sector coordinating entity, under the civil defence and emergency management arrangements, for coordinating the transport sector to respond to emergencies. The TRT reports to the responsible lead agency and is chaired by the Ministry and its members include the other transport agencies as needed. For these events, the TRT reported to the National Emergency Management Agency through a Liaison Officer, and consisted of the Ministry, Waka Kotahi, KiwiRail, the Civil Aviation Authority, Maritime New Zealand, and MetService.

During the response, the Ministry stood-up recovery structures to coordinate the recovery across the transport sector and with key government agencies. The Ministry later amended these initial arrangements and stood up a dedicated Cyclone Recovery Team to work as part of the government response to the severe weather events.

HOW WE ARE ADVANCING OUR PRIORITIES

A key focus for Ministry was working with Waka Kotahi, KiwiRail, the Treasury and Ministers to secure funding for the transport agencies to initially establish emergency access to communities and reinstate parts of the network that have been damaged.

The Government allocated an initial \$250 million for emergency works on state highways and local roads. This was followed by further funding of \$275 million announced in Budget 23 for state highway and local road immediate response and recovery costs. Budget 23 also included \$200 million for KiwiRail to reinstate sections of the rail network impacted by the severe weather events. Additionally funding of \$567 million has been provided to Waka

Kotahi from the National Resilience Plan to fund an equity injection to cover additional emergency works costs incurred in the 2022/23 financial year, the reinstatement of the state highway network, and minor resilience works for the state highway network.

The Ministry has also worked collaboratively across agencies to progress Orders in Council under the Severe Weather Emergency Recovery Legislation Act 2023. This Act enables certain legislation requirements to be temporarily exempted or modified where necessary to support recovery in areas affected by the severe weather.

Transport network funding



Budget 23 funding for **KiwiRail** to reinstate sections of the rail network impacted by the severe weather events.

Te kaha ū ki te whakahaere kāwanatanga mō ngā hinonga waka a te Karauna | Exercising a strong governance function for the transport Crown entities

The Ministry has a key role in ensuring that the transport Crown entities are effective and efficient in delivering their services.

Crown entities play a vital role in funding and delivering essential transport services to all New Zealanders. These services range from building and maintaining the roading network, to the provision of public transportation and aviation security services, to maritime and aviation regulatory services.

We monitored non-departmental expenditure of more than \$9 billion in 2022/23 and played a key role in maintaining the financial sustainability of the transport Crown entity portfolio, comprising: Waka Kotahi, Civil Aviation Authority (including Aviation Security Service), Maritime New Zealand, the Transport Accident Investigation Commission, City Rail Link Ltd² and Auckland Light Rail Ltd³.

The Ministry has strengthened its approach to Crown entity monitoring in recent years, to reflect a significant increase in the transport sector's public funding, scope of activities and complexity.

Some of the Ministry's key governance outputs in 2022/23 that support strong performance by the transport Crown entities include:

- the appointment or reappointment of 27 members to Crown entity boards (and transport committees), which will maintain effective governance of transport Crown entities
- the establishment of Auckland Light Rail Limited, to deliver the Auckland Light Rail Indicative Business Case
- the completion of a major regulatory funding and fees review for Waka Kotahi, which will provide sustainable funding for the land transport regulatory regime
- progress on funding reviews for Civil Aviation Authority and Maritime NZ, which will assist both entities to return to a financially sustainable position following COVID-19
- assisting the responsible Minister in the process for setting priorities and expectations for transport Crown entities
- regular Crown entity performance and meeting briefings to Ministers.

2. CRL is a Crown entity, listed under Schedule 4A of the Public Finance Act.

3. ALRL is a Crown entity company.

Te hautūtanga ā-rāngai | Sector leadership

Transport plays a pivotal role in providing liveable cities and thriving regions. It underpins how New Zealanders get to their places of work and study, how whānau and communities connect, and how businesses move goods and services.

A well functioning transport system contributes to the economic prosperity of cities, towns, local neighbourhoods, and rural communities, and improves our wellbeing. It shapes land use, urban form, and street-level interactions. Transport connects New Zealand economically and culturally with the rest of the world.

The Ministry has a key leadership role for the transport sector. The Ministry delivers on that role through its advice and

support to the Minister of Transport, and its collaborative work with the transport Crown entities and other participants in the transport sector.

Important aspects of the Ministry's sector leadership include:

- articulating a clear long-term direction for the transport system
- influencing across the transport system
- leading purchase and policy advice to government
- ensuring the transport Crown entities are effective and efficient in delivering their service
- coordinating sector responses to key challenges and emergency events
- managing New Zealand's international connections.

Some of our key sector leadership activities in 2022/23 included:



Coordinating sector responses to the **Cyclone Gabrielle** and **Auckland flood** emergencies



Developing the draft **Government Policy Statement** on land transport 2024



Leading the development of the transport chapter for the second **Emissions Reduction Plan**



Finalising the **Road to Zero Action Plan** 2023-25



Completing a major regulatory fee and funding review for **Waka Kotahi**

Section 3

Te pānga o ā mātou mahi
ki ngā kanehe o Niu Tīreni
haere ake nei | How our
work impacts the lives
of New Zealanders in
the long-term



Ka arahina ā mātou mahi e te Anga Putanga Waka | Our work is guided by the Transport Outcomes Framework

For the long term, we have five outcomes that we aim to influence to improve wellbeing and liveability for New Zealanders.

Our long-term outcomes are set out below.

This section of the annual report provides some background information on our long-term outcomes and some of the work that we have undertaken in recent years to impact those outcomes.

The Ministry is primarily a policy agency, which means that, for most of the work we have undertaken in 2022/23, we will not see its impact on our outcomes until later years. For example, the Ministry may undertake a review of a policy area in 2022/23 and this may lead to legislative changes being implemented in 2023/24. Those changes

may then need to be operationalised and implemented by a transport Crown entity the following year. So the real world impact of a Ministry policy initiative that started in 2022/23 may not be seen until 2024/25 or later. The actual timeframe for the impacts to be seen will be initiative dependent.

So the Ministry generally expects that the work that it undertakes in any given year will impact our outcomes in outyears, rather than the current year.

The Ministry also understands that changes in transport system require actions by participants from across the system. This commonly involves, the Ministry providing policy advice, Parliament making regulatory changes, transport Crown entities implementing regulatory changes, and the private sector and individual transport users making decisions that result in improved outcomes.

How our work impacts the lives of
New Zealanders in the long-term

Transport Outcomes Framework

Inclusive access

Economic prosperity

Resilience and security



Healthy and safe people

Environmental sustainability

Te toitūtanga taiao | Environmental sustainability

This outcome is about transitioning to net zero carbon emissions, and maintaining or improving biodiversity, water quality, and air quality.

Our key long-term measure for the transport system's impact on environmental sustainability is set out below.

The trend in carbon dioxide emissions has been down over the most recent years, partly due to factors such as COVID-19, shown in the graph overleaf. There has been an increase from 2020 to 2021.

Work that the Ministry has completed in recent years that we expect to influence the trend over time includes:

Emissions Reduction Plan: this drives sector work to reduce transport emissions. The Plan sets an ambitious target to reduce domestic transport emissions by 41% by 2035 (the baseline for the ERP is 2019 levels) in New Zealand's first Emissions Reduction Plan. The Plan also sets out a range of actions that will be taken by transport agencies to achieve the 2035 target.

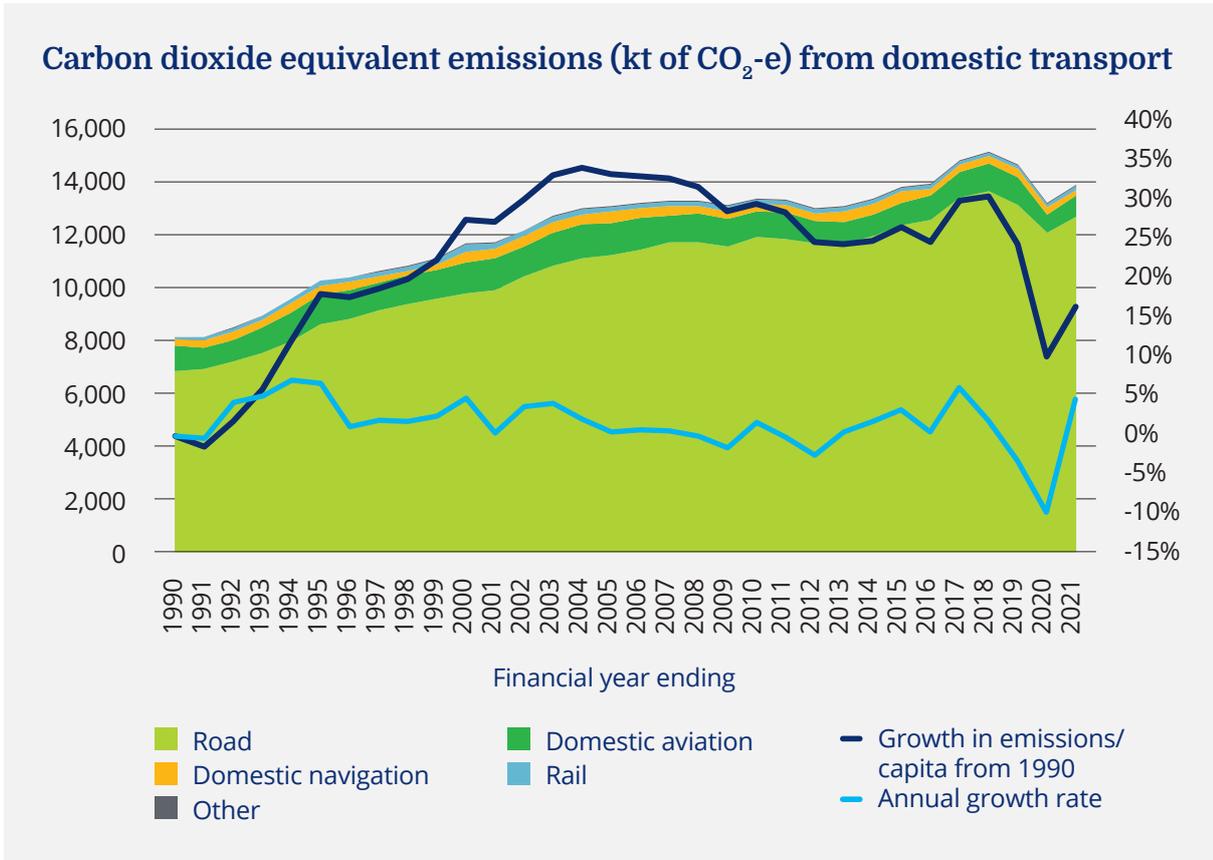
Decarbonising Transport Action Plan: this was published in December 2022 setting out the Government's detailed implementation plan for the transport actions in the first Emissions Reduction Plan, and outlining how we will take a long-term, strategic approach to reducing transport emissions and maximising other benefits at the same time.

Clean Car Discount Scheme: this is making zero or low emissions vehicles more affordable and reducing transport emissions from the vehicle fleet.

41%

The Emissions Reduction Plan target to reduce domestic transport emissions by 2035

HOW OUR WORK IMPACTS THE LIVES OF NEW ZEALANDERS IN THE LONG-TERM



How our work impacts the lives of New Zealanders in the long-term

Note: 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 1990–2021 | 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.

Kia ora, kia haumaru te tangata | Healthy and safe people

This outcome is about protecting people from transport-related injuries and harmful pollution, and making active travel an attractive option.

The key long-term measures for this outcome are set out below.

The trend has been for a reduction in deaths and serious injuries over the last few years, however, there has been a slight increase since 2020 for serious injuries. Mode share for the active modes has increased.

Work undertaken by the Ministry in recent years that has influenced the downward trend includes:

Road to Zero Strategy and Action Plan: the strategy sets the vision for road safety and the target to reduce annual deaths and serious injuries on our roads by 40 percent by 2030 (the baseline is from 2018 levels). The Strategy and Action Plan provide direction to road safety agencies on how they can focus their efforts to improve safety on our roads.

Prioritise road policing: to improve safety on our roads, we, with our road safety partners, 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.

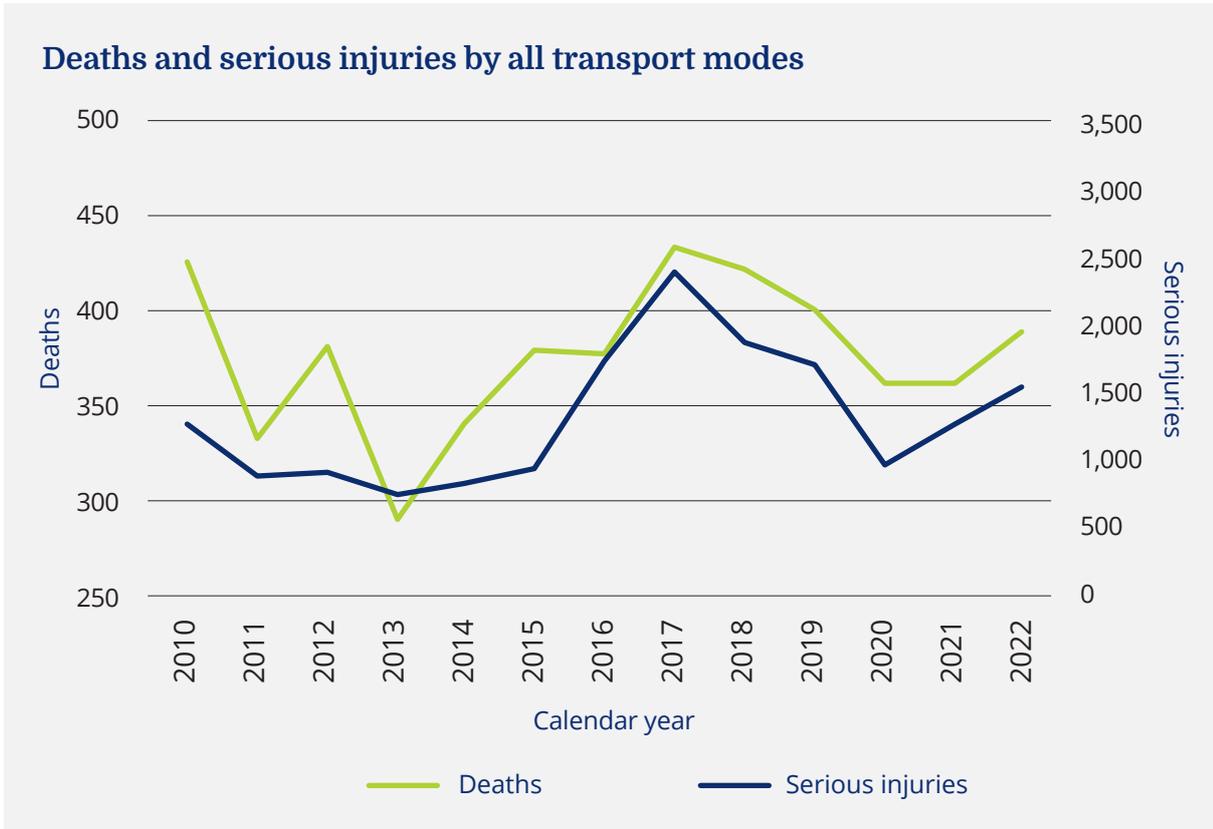
Ensure effective governance over the Road to Zero Programme: to support its delivery, we established more formalised governance, assurance, and accountability mechanisms across the Road to Zero programme.

Monitoring reports: Our annual monitoring reports for the Road to Zero programme help to drive action and hold relevant agencies accountable for the delivery of the Road to Zero Strategy and its Action Plan.

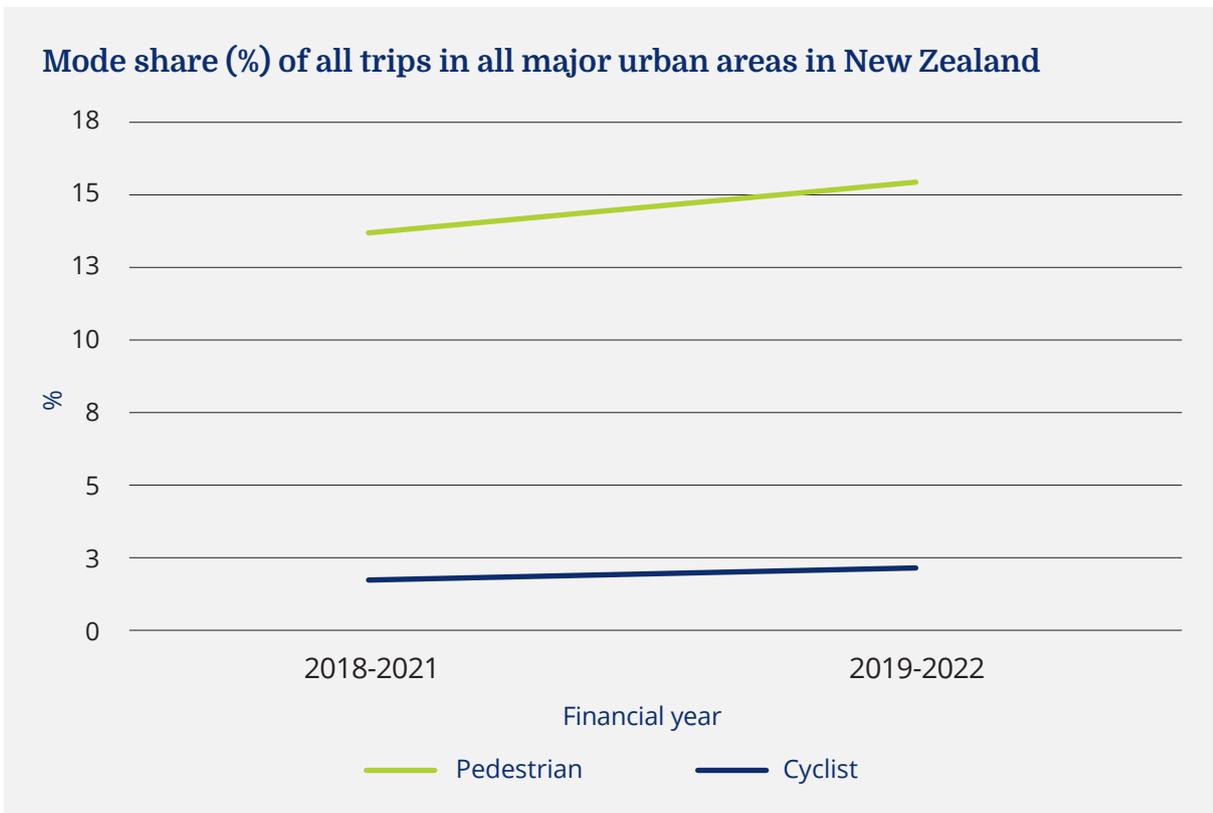
The Government Policy Statement on land transport (GPS): Includes safety as a strategic priority and directs funding to safety through dedicated activity classes in the current GPS 2021 (Road to Zero activity class) and is signalled in the Draft GPS 2024 (safety activity class).

Provision of the liquidity facility: Both Maritime New Zealand (MNZ) and the Civil Aviation Authority (CAA) have received Crown funding via the appropriation *Protection of Transport Sector Agency Core Functions*. This covers the purchase of core services that are no longer able to be cost-recovered from third parties because of COVID-19. For MNZ, this includes services that support physical, social and economic wellbeing through safe maritime operations. For CAA (including AvSec), this includes services that enable it to enhance aviation safety.

HOW OUR WORK IMPACTS THE LIVES OF NEW ZEALANDERS IN THE LONG-TERM



How our work impacts the lives of New Zealanders in the long-term



HOW OUR WORK IMPACTS THE LIVES OF NEW ZEALANDERS IN THE LONG-TERM

Te houkura ohanga | Economic prosperity

This outcome is about supporting economic activity via local, regional and international connections, with efficient movement of people and products.

Our key long-term measure for the transport system’s support for economic prosperity is set out below.

The trend has been for a significant increase in the level of import/export freight movements over time.

Work that the Ministry has completed in recent years that has supported the economic prosperity includes:

International Air Freight Connectivity Scheme: this secured the ongoing arrival of international aircraft during COVID-19 that facilitated capacity for New Zealand’s critical freight imports and exports.

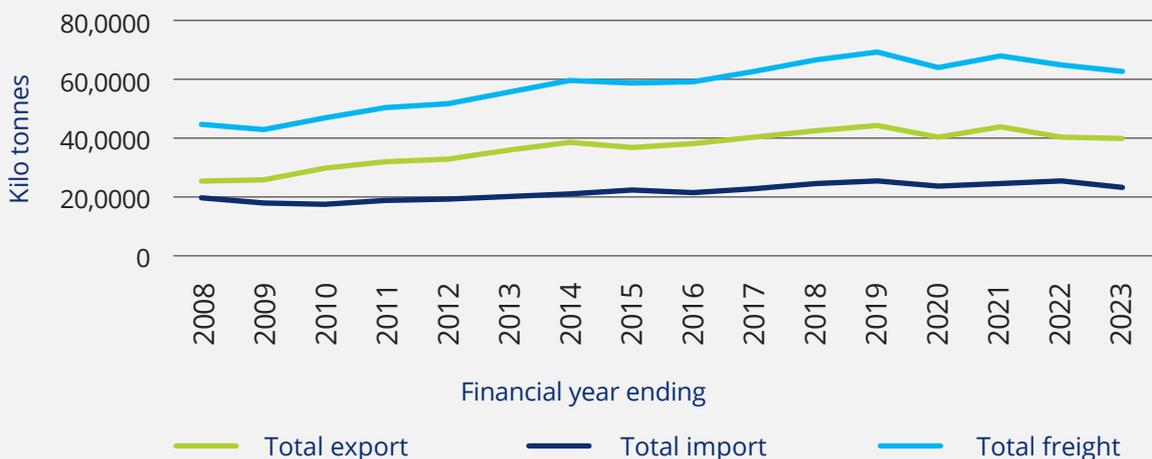
Essential Transport Connectivity Scheme: this provided financial support to maintain essential transport services in New Zealand during COVID-19.

Temporary reductions to petrol excise duty and road user charges: in response to the pressure on New Zealanders and businesses from the cost of living crisis, the Ministry led work to temporarily reduce the rate of petrol excise duty and road user charges.

Rail Plan: the New Zealand Rail Plan was released in April 2021 and sets priorities for rail investment as part of a new long-term planning and funding system for rail.

Rail funding in Budgets 2020, 2021 and 2022: budget funding was secured for significant investment in a reliable and resilient heavy rail network and rolling stock fleet.

Import/export movements by financial year



HOW OUR WORK IMPACTS THE LIVES OF NEW ZEALANDERS IN THE LONG-TERM

Te uru tomopai | Inclusive access

This outcome is about enabling all people to participate in society through access to social and economic opportunities, such as work, education and healthcare.

Our key long-term measure for inclusive access is set out below.

The trend has been for strong growth in the Auckland region for a number of years, but this has fallen significantly since 2019.

Work that the Ministry has completed recently that has supported inclusive access includes:

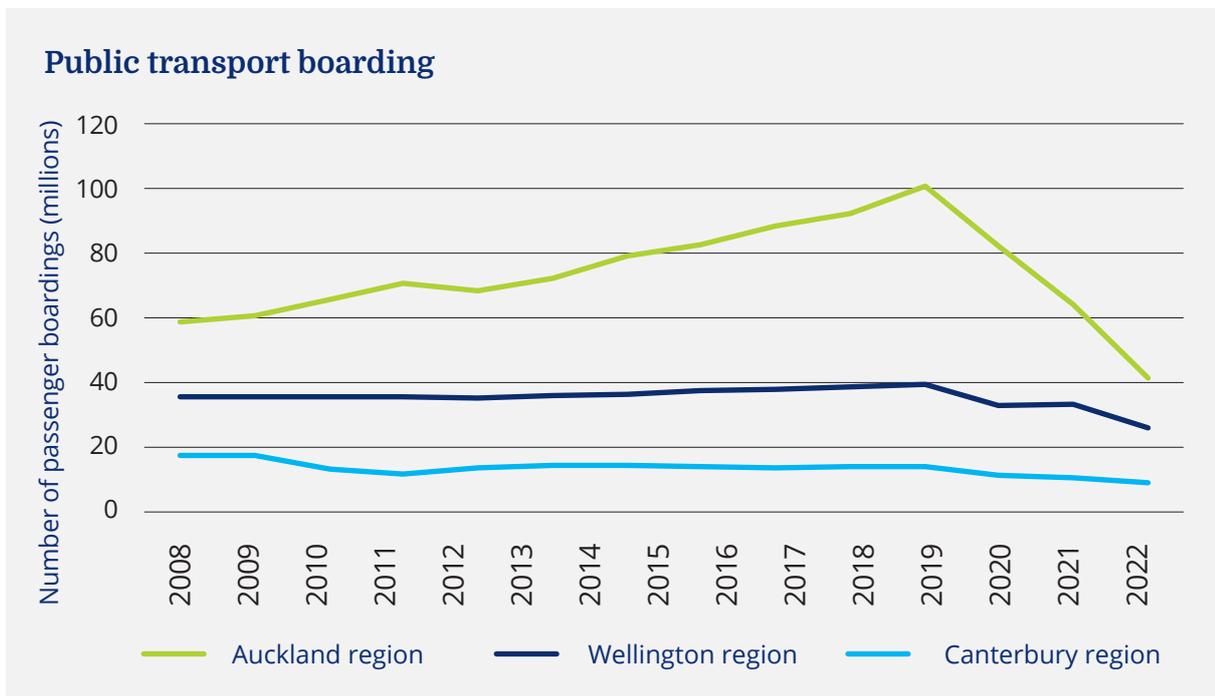
COVID-19 public transport: the Ministry's advice enabled the implementation of a range of measures for New Zealanders to safely use public transport during COVID-19.

Half priced fares: the cost of public transport was reduced for New Zealanders by the introduction of half priced fares in April 2022.

Temporary reductions to petrol excise duty and road user charges: in response to the pressure on New Zealanders and businesses from the cost of living crisis, the Ministry led work to temporarily reduce the rate of petrol excise duty and road user charges.

Bus driver terms and conditions initiative: the national bus driver shortage has reduced from 860 in December 2022 to 328 in June 2023, with hundreds more drivers in the process of being recruited and/or trained. Many regions and operators now have a full workforce.

How our work impacts the lives of New Zealanders in the long-term



Te manawaroa me te whakamaru | Resilience and security

This outcome is about minimising and managing the risks from natural and human-made hazards, anticipating and adapting to emerging threats, and recovering effectively from disruptive events.

The Ministry does not have a performance measure for this outcome as the data to appropriately measure transport system resilience and security is not currently available.

There has been an increase in the frequency and scale of extreme weather events that have impacted the reliability of the transport system and the connectivity of local communities.

Work that the Ministry has completed in recent years that has supported this outcome includes:

Transport resilience and security, and the National Security System (NSS):

this ongoing work supports the NSS to respond to significant New Zealand resilience and security issues requiring transport sector involvement, including:

- extreme weather events (including Cyclone Gabrielle, ex-Cyclone Hale and the Auckland Anniversary floods) and road closures
- the tsunami response following the magnitude 8.1 earthquake in the Kermadec Islands in 2021
- COVID-19 (domestic resurgences and Quarantine Free Travel pauses).

➤ **There has been an increase in the frequency and impact of extreme weather events that have impacted the reliability of the transport system and the connectivity of local communities**

HOW OUR WORK IMPACTS THE LIVES OF NEW ZEALANDERS IN THE LONG-TERM

Ensuring financial sustainability of Crown entities: Crown entities were financially supported to continue to provide their services to New Zealanders through the revenue downturn created by COVID-19.

Development of Transport Resilience and Security Strategic Framework: this provides broad direction to assist sector planning and decision making. The Framework sets out the Government's strategic intentions for resilience and security in the transport sector.

Maritime Security Strategy: this provides direction for New Zealand's maritime security sector by setting out a vision for a sector that contributes to the advancement of New Zealand's national security through a common approach, coordinated investment decisions and effective resource prioritisation.



Section 4

Te honohono i ā mātou kaupapa | Connecting the dots

How we have used our new Budget
funding and how our work and
funding contribute across our
priorities and outcomes



Te whakamahinga o ā mātou pūtea ā-tari kia tutuki i ō mātou putanga | How our departmental appropriations enable us to achieve our outcomes

Departmental Appropriation	Ministry Outcomes				
	Economic Prosperity	Environmental Sustainability	Healthy and Safe People	Inclusive Access	Resilience and Security
Auckland Light Rail Unit	●	●		●	
Search and Rescue Activity Coordination			●		
Search and Rescue Training and Training Coordination			●		
Transport – Policy advice, ministerial servicing, governance, and other functions	●	●	●	●	●
Ministry of Transport – Capital Expenditure					

CONNECTING THE DOTS

Kaupapa pūtea hirahira | Budget significant initiatives

Where you can find information on these initiatives in this annual report.

The Ministry can receive new policy initiative funding through annual Budget processes. The table below identifies significant new policy initiatives since Budget 20 where the

Ministry received Budget funding of \$1 million or more. The table also identifies the year that the significant new policy initiative was first funded since 2020/21 and, either:

- where you can find information in this annual report on how that initiative was progressed in 2022/23
- or
- when the initiative was completed.

Budget 2020 Name of initiative	Year first funded since 2020/21	Location of information or status
Maintaining Air Freight Capacity in Response to the Impacts of Covid-19		
Policy Advice and Related Outputs	2020/21	This initiative was completed in 2020/21
Auckland Light Rail Unit (MYA)		
Auckland Light Rail Unit	2021/22	See page 76

CONNECTING THE DOTS

Budget 2020 Name of initiative	Year first funded since 2020/21	Location of information or status
Transport – Policy advice, ministerial servicing, governance, and other functions		
Governance and Monitoring for the New Zealand Upgrade Programme – Transport	2020/21	See page 84
Support Milford Aerodrome due to the impacts of COVID-19	2020/21	This initiative was completed in 2020/21
Aviation Relief Package – Extension of the International Air Freight Capacity scheme	2020/21	This initiative was completed in 2020/21
Extension of the Maintaining International Air Services Scheme to 31 March 2023	2021/22	See page 84
Auckland Light Rail – Progressing the next phase of project delivery	2021/22	See page 76
Resourcing the Ministry of Transport's COVID-19 response and policy function in 2021/22	2021/22	This initiative was completed in 2021/22
Decarbonising freight transport – Resourcing and seed funding	2022/23	See page 83
Mode-Shift and reducing Light Vehicle Kilometres Travelled – Investments, planning, and enabling congestion charging	2022/23	See page 86
Port sector opportunities to support decarbonisation, resilience, and regional development	2022/23	See page 86
Resourcing the Ministry of Transport's COVID-19 response and policy function	2022/23	See page 87
Support for Milford Sound/Piopiotaahi Aerodrome due to revenue loss from COVID-19 and increased operational costs	2022/23	See page 90

CONNECTING THE DOTS

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 five Strategic Priorities.

The five priorities and key programmes are set out below, along with a graphic that shows whether the key programmes were progressed or completed in 2022/23. 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 32 to 49 provide more detailed information on the work we have undertaken to progress our key programmes in 2022/23.

Status of key programmes in 2022/23

● Not Progressed ● Progressed ● Completed

2021/22 2022/23 2023/24 2024/25

	2021/22	2022/23	2023/24	2024/25
Priority 1: 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 2: 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 3: 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 4: Strengthen New Zealand's Supply Chains				
Develop National Freight and Supply Chain Strategy	●	●		
Implementing the Future of Rail Review	●	●		
Priority 5: Enable Emerging Aviation Technologies				
Drone integration	●	●		
Support the development of New Zealand's Aerospace Strategy	●	●		

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

Key work programmes

	Priority				
	Decarbonise Transport	Improve Road Safety	Support Liveable Cities	Strengthen Supply Chains	Enable Aviation Technologies
Priority 1: 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 2: 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 3: 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 4: Strengthen New Zealand's Supply Chains					
National Freight and Supply Chain Strategy	●			●	
Implementing the Future of Rail Review	●			●	
Priority 5: Enable Emerging Aviation Technologies					
Drone integration	●			●	●
Support the development of New Zealand's Aerospace Strategy	●				●

Section 5

Ngā korero mahi mo te tau whakamutunga | End-of-year performance information



Ngā korero mahi mo te tau whakamutunga | End-of-year performance information

For the year ended 30 June 2023

Disclosures:

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/Piopiotaahi 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 expenditure)
 - Supporting Regional and Infrastructure Projects
 - Enabling Infrastructure Projects
 - Regional Projects and Capability Infrastructure Projects
 - Rail Projects

Ngā Puakanga | Disclosures

Reporting Service Performance Information

The New Zealand Accounting Standards Board (XRB) issued a Standard for Service Performance Reporting: Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48).

The PBE FRS 48 Standard requires public benefit entities to apply the requirements to annual financial reports beginning on or after 1 January 2022. The Ministry has applied the new Standard for this 2022/23 Annual Report.

The Ministry's Service Performance information has 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. The Service Performance information has been prepared in accordance with Tier 1 PBE financial reporting standards.

PBE FRS 48 sets out the following attributes that apply to the Service Performance Reporting environment:

- service performance reporting is an area of reporting that continues to evolve
- entities may be subject to a range of service performance reporting requirements, including legislative requirements and may use a variety of performance frameworks
- it provides flexibility for entities to determine how best to 'tell their story' in an appropriate and meaningful way.

Consistent with PBE FRS 48, the Ministry's approach to its Service Performance Reporting is to:

- provide users with:
 - sufficient contextual information to understand what the Ministry intends

to achieve in broad terms over the medium to long term and how it goes about this

- information about what the Ministry has done during the reporting period in working towards its broader aims and objectives
- present its Service Performance Information and its financial statements together in the Annual Report. The Ministry's Service Performance Information is for the same reporting period as the financial statements
- apply the following qualitative characteristics in the context as described in the Public Benefit Entities' (PBE) Conceptual Framework: Relevance, Faithful Representation, Understandability, Timeliness, Comparability and Verifiability
- disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of Service Performance Information.
- provide comparative information.

Scope of Service Performance Reporting

The Ministry's Service Performance Information is contained within a number of sections of the Annual Report, in particular:

- **Section 2:** How we are advancing our priorities
- **Section 3:** How our work impacts the lives of New Zealanders in the long-term
- **Section 5:** End-of-year performance information.

PBE FRS 48 requires that, in reporting on our objectives and how we intend to achieve them, information should be drawn from our founding documents, governance

END-OF-YEAR PERFORMANCE INFORMATION

documents and accountability documents. The Ministry has drawn this information from our Strategic Intentions 2021-25 (our key strategic document). The Ministry's Strategic Intentions 2021-25 sets out our purpose, role, vision, long-term outcomes and strategic priorities to 2025.

The Ministry updated its Strategic Intentions in May 2023. The purpose of the update was to remove one matter that was no longer a strategic priority (enable transport to continue to effectively respond to, and recover from, COVID-19).

PBE FRS 48 recognises that judgement is required in deciding how much information to provide about the current reporting period and also how much information to provide about progress towards the long-term objectives. The Ministry has balanced the information provided with the need to report in an understandable and concise manner for readers of this annual report.

Selecting and Aggregating Service Performance Information

The level of aggregation used by the Ministry has been based on:

(a) Our long-term outcomes

The Ministry's annual report includes data on five key indicators that help us to quantify and measure progress towards improving wellbeing and liveability for all New Zealanders. These indicators link to four of our five long-term outcomes. These indicators are also part of a wider set of more than 30 Transport Indicators that are published on our website. 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.

(b) Our strategic priorities

Our five strategic priorities are set out in our Strategic Intentions 2021-25. They are the key areas where the Ministry wants to make the most the difference for New Zealand.

We report against the work that we said we would do (in our Strategic Intentions) and the extent to which that has been progressed.

(c) Our funding appropriations

This year, we have provided progress updates on some of the key work undertaken under our departmental expense appropriations. Alongside that, we have continued to report against appropriation performance measures as set out in the Estimates for the reporting year.

Further information on specific performance measures

The Ministry uses its judgment when selecting the measures used to monitor performance. In so doing, we have regard to both the quality characteristics and the pervasive constraints (materiality, cost-benefit and balance between timeliness, understandability and relevance of information for the end users).

The Ministry reports on the performance measures that it is directly responsible for and some other measures where it is the Appropriation Administrator. This means that in some instances, the reporting information is provided by other organisations for work that they have undertaken and are responsible for. The Ministry also reports, for its long-term outcomes, on measures that relate to transport system performance (which are outside the Ministry's direct control).

Long-term outcome measures

Environmental Sustainability outcome – carbon emissions measure

We report on the domestic transport system's carbon equivalent emissions as an indicator for our long-term outcome for Environmental Sustainability.

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

END-OF-YEAR PERFORMANCE INFORMATION

the Ministry extracts transport data 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 gas 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.

Healthy and Safe People – active transport modes measure

In previous annual reports, the Ministry's Healthy and Safe People long-term outcome has been reported on, in part, through the level of use of the walking and cycling active modes. The data for that reporting came from Waka Kotahi cycle and pedestrian counters. However, Waka Kotahi has made us aware of issues with the data quality which cannot be addressed.

For this, and future years, we are now reporting on the percentage of trips that are undertaken by walking and cycling as determined through data collected by the Ministry's Household Travel Survey. This is a survey that the Ministry has conducted for a number of years. It is a continuous survey, with data collected all year from a minimum of 1,670 households. The data we report cover trips made in the Auckland, Wellington and Christchurch major urban areas. The survey is designed to be representative at a regional level on a three-year basis. Due to changes that were made to the survey in 2018, for this 2022/23 annual report, we can only report data for the 2018-21 and 2019-22 data points. Further three-year data points will be able to be reported in future years.

Appropriation: Transport – Policy advice, ministerial servicing, governance and other functions

The 'Transport – Policy advice, ministerial servicing, governance and other functions' appropriation is the Ministry's major ongoing appropriation. It funds Ministry work across a broad range of policy, governance and other areas.

Policy and Governance advice

The Ministry's performance measures for our policy and governance advice, taken together, provide a broad perspective on our performance. Performance measures for our policy and governance advice work cover areas including:

- ministerial satisfaction with advice services
- quality of policy and governance advice
- delivery against the Output Plan.

The measures relating to Ministerial satisfaction reflect the perspective of Ministers as the 'commissioner' and/or recipient of the Ministry's advice. While the measures for the quality of our policy and governance advice provide a more technical assessment of the quality of the advice we provide, the measure for performance against the Output Plan provides a third lens: what was delivered during the year.

Ministerial Satisfaction measures

The Ministry has three measures in this area:

- satisfaction of the Transport Minister(s) with the policy advice service
- satisfaction of the Minister(s) with the governance advice service
- satisfaction of the Minister(s) with board appointments' advice.

The performance measure for Ministerial satisfaction with the policy advice service is mandated by Cabinet for all significant policy agencies. A standard survey, developed by the Department of Prime Minister and Cabinet, is used for the survey. The Ministry's approach is to survey a Minister who has held their transport ministerial portfolio for more than four months. Where more than one Minister is surveyed, the Ministry averages the scores received from Ministers.

The Ministry has developed its own survey

END-OF-YEAR PERFORMANCE INFORMATION

for the satisfaction of the Minister(s) with the governance advice service (this survey also covers board appointments advice). Again, the Ministry's approach is to survey a Minister who has held their transport ministerial portfolio for more than four months. Where more than one Minister is surveyed, the Ministry averages the scores from the Ministers.

The policy advice and governance advice surveys both ask Ministers to answer a series of questions using a five-point scale (19 questions for the policy advice survey and 12 questions for the governance advice survey). The scale is: 1 = Never, 2 = Some of the time, 3 = About half of the time, 4 = Most of the time and 5 = Always. The surveys also allow Ministers to provide other comments about the advice services.

For 2022/23, the Ministry increased the performance standard for the three measures from an average score between 2 and 3, to an average score between 3 and 4 or higher. This change reflected the Ministry's enhanced understanding of its performance and the Ministerial Satisfaction Survey assessment system.

Quality of policy and governance advice measures

The Ministry has four measures in this area:

Policy advice papers

- percentage of policy papers that score 4.0 or higher (standard is 40% or higher)
- percentage of policy papers that score 3.0 or higher (standard is 90% or higher)

Governance advice papers

- percentage of policy papers that score 4.0 or higher (standard is 40% or higher)
- percentage of policy papers that score 3.0 or higher (standard is 90% or higher).

The Ministry has 60 of its advice papers independently reviewed by New Zealand Institute of Economic Research (NZIER). NZIER reviews the papers using the Department of Prime Minister and Cabinet's policy quality framework.⁴ Papers are assessed using a five-point scale:

1 = Unacceptable, 2 = Poor, 3 = Acceptable, 4 = Good and 5 = Outstanding.

The Ministry's rationale for having 60 papers out of 507 papers in total, reviewed is to provide scope for papers to be reviewed from all of our policy and governance teams. The general approach is to have 54 policy advice papers and six governance advice papers reviewed. This enables most of the Ministry's policy/governance teams to have some of their papers reviewed and to receive independent advice on the quality of their written advice.

The papers to be reviewed are selected by the Ministry's Ministerial Services team and are drawn from papers submitted to Ministers between July and April (papers cover both policy/governance advice and process matters). This timing enables the papers to be reviewed and the results included in the Ministry's annual report.

Output Plan milestones measures

The Output Plan is an agreement between the Ministry and the Minister of Transport on specific initiatives the Ministry will strive to achieve to support the Minister to deliver on the Government's priorities. The purpose of the Output Plan is to provide clarity on what is expected of the Ministry throughout the year.

The performance measure is that 90% or higher of the milestones contained in the Output Plan are completed as agreed, or as subsequently amended by the agreement between the Minister and the Chief Executive.

The initiatives that are included in the Output Plan and their milestone timeframes are agreed by the Minister and the Ministry's Chief Executive. To provide greater transparency on this measure, the Ministry will, following the publishing of its annual report, publish its final Output Plan on our website along with a table of the milestones that were completed during 2022/23.

4. Further information on the Policy Quality Framework can be found on the Department of Prime Minister and Cabinet's website www.dpmc.govt.nz

END-OF-YEAR PERFORMANCE INFORMATION

Te utu putanga tari | Departmental output expense

Auckland Light Rail Unit

This is a multi-year appropriation 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.

The Auckland Light Rail Unit initially undertook these activities and was hosted within the Ministry of Transport at the beginning of the 2022/23 financial year.

When Auckland Light Rail Limited was established in October 2022, the Unit evolved into Auckland Light Rail Limited. A new non departmental appropriation was also established with the remaining funds of the appropriation to fund Auckland Light Rail Limited's activities in 2022/23 and outyears.

A consequence of the Auckland Light Rail Unit only being hosted within the Ministry and funded through this multi-year appropriation for a few months, most of the performance measures set out below were not met at the time the Unit ceased to exist within the Ministry of Transport.

Financial performance

2022 Actual \$000	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
- Revenue Crown	7,442	68,023	10,000
- Total expenses	7,442	68,023	10,000
- Net surplus/(deficit)	-	-	-

END-OF-YEAR PERFORMANCE INFORMATION

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/Targets
New Measure	Scoping of the business case, detailed planning activities and policy work programme completed and agreed by sponsors by 30 September 2022	Not Achieved	Achieved
New Measure	Milestones on delivery and policy workstreams are completed as outlined in an integrated work programme agreed between the Crown, Auckland Council, the Auckland Light Rail Unit and the partner agencies ¹	Not Achieved	Achieved
New Measure	Ministers provided with advice on the establishment of a delivery entity taking Auckland Light Rail forward by 31 December 2022	Achieved	Achieved
New Measure	Mana whenua representation and consultation on the detailed planning phase achieved according to the approach agreed between Ministers ¹	Not Achieved	Achieved

1. This departmental appropriation was intended to support initial planning activities prior to the establishment of Auckland Light Rail Limited. Auckland Light Rail Limited was established in October 2022 and a new non-departmental appropriation has been established for its funding and activities in 2022/23 and outyears.

END-OF-YEAR PERFORMANCE INFORMATION**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.

The NZSAR Secretariat supports the NZSAR Council and provides strategic leadership for the wider search and rescue sector. The Secretariat manages and monitors much of the Government's investment into search and rescue and frontline water safety

services. It has supported the delivery of search and rescue exercises and training. It has also conducted numerous collaborative workshops and forums on topics such as health and safety, SAR aviation, training, cross-sector coordination and emerging technology, as well as the annual NZSAR Awards.

It has implemented or funded numerous initiatives including research into volunteering trends, environmental sustainability and the efficacy of prevention programmes. It has also run a behaviour change programme to encourage the hiring of distress beacons and developed policies and guidelines to support SAR agencies and the wider sector.

Financial performance

2022 Actual \$000		2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
4,718	Revenue Crown	5,863	6,094	5,863
3,969	Total expenses	5,466	6,094	5,863
749	Net surplus/(deficit)	397	-	-

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 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
68% ¹	Delivery of the National Search and Rescue Support Programme including the provision of governance, leadership, and strategic support for the Search and Rescue sector	99%	90%

1. COVID-19 impacts severely limited the sector's 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.

END-OF-YEAR PERFORMANCE INFORMATION

Search and Rescue Training and Training Coordination

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

Training supports the NZSAR Council's goal of a capable search and rescue sector. This

year, over 950 people attended 88 courses delivered by Tai Poutini Polytechnic and Land Search and Rescue Training. Courses were delivered on a range of subjects including operational search techniques, search management, and leadership. Ten Police districts were also funded to deliver multi-agency search and rescue exercises with volunteers from local search and rescue groups.

Financial performance

2022 Actual \$000		2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
1,302	Other revenue	1,194	1,300	1,587
1,302	Total expenses	1,194	1,300	1,587
- Net surplus/(deficit)		-	-	-

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
73%	Percentage of planned search and rescue training courses that are delivered	65% ¹	80%

1. Course cancellations due to illness and severe weather events resulted in under delivery. During the first two quarters of the year, courses could not be rescheduled as delivery runs on calendar years.

END-OF-YEAR PERFORMANCE INFORMATION**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.

This is the Ministry's major appropriation for the delivery of its ongoing policy and governance advice functions. More detailed information on the Ministry's performance under this appropriation is set out below under the following outputs:

- policy advice, governance and ministerial servicing
- Milford Sound/Piopiotahi Aerodrome
- fuel duty refunds.

Financial performance

2022 Actual \$000		2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
53,367	Revenue Crown	64,528	64,342	64,528
2,543	Other revenue	1,264	2,805	1,710
55,910	Total revenue	65,792	67,147	66,238
54,918	Total expenses	60,734	67,147	66,238
992	Net surplus/(deficit)	5,058	-	-

Policy Advice, Ministerial Servicing and Governance

This appropriation enabled us to advance the following work (and described earlier on pages 32 to 52):

- Implement transport chapter of Emissions Reduction Plan
- Encourage uptake of low and zero emissions vehicles
- Lower emissions in the aviation and maritime sectors
- Complete the Ministry's actions under the Road to Zero Action Plan
- Develop the second Action Plan
- Deliver annual monitoring reports
- Auckland Transport Alignment Project (ATAP)
- City Specific Programmes
- Resource Management Act reform
- Public Transport Operating Model
- Community Connect
- Review of the Total Mobility Scheme
- Congestion pricing
- Hamilton-Auckland Intercity Connectivity Indicative Business Case
- City Rail Link
- Supporting the freight sector through global disruptions
- Freight and Supply Chain Strategy
- Implementing and monitoring of the Future of Rail review
- Coastal shipping
- Drone integration
- North Island Severe Weather Events

In addition, we undertook a wide range of other work that also contributes to our Strategic Intentions and Longer Term Outcomes, including:

Air Navigation System Review

The Ministry hosted and provided secretariat services for the Air Navigation System Review undertaken by an independent panel.

The purpose of the review was to identify what Aotearoa New Zealand needs and wants from its air navigation system now and in future.

The system is safe and has been well regarded. It is not currently in crisis, but change is needed to deal with emerging technologies and new threats, and to ensure the system is fit for the future.

The Panel looked at the system in the broader national and international context, considering how it contributes to our society, economy, and environment, our resilience and security, and to our place in the world.

The panel made nine recommendations covering system leadership, identifying critical system components, funding, understanding the value of the aviation sector, workforce (including regulator capability) issues, engagement with Māori and leveraging international relationships.

The Ministry will now work with stakeholders and across government in determining how to take account of the recommendations.

END-OF-YEAR PERFORMANCE INFORMATION**Auckland Light Rail – Detailed Planning Phase**

The Auckland Light Rail project will make it easier, faster and safer to move around our biggest city. It will transform neighbourhoods, fostering improved connectivity for work and education, creating new opportunities and residences in thriving communities.

The work aims to unlock the urban development potential along the corridor, support the Government's target of reaching net zero emissions by 2050 while integrating with the current and future transport network.

In 2022, ALR Sponsoring Ministers agreed to establish Auckland Light Rail Limited (ALRL) with a primary purpose to produce a detailed business case to inform a final investment decision. A board of seven members with diverse experience was appointed.

Significant progress has been made by ALRL in the development of the business case including detailed assessment on station locations and route alignment options.

The Ministry of Transport has developed and maintains oversight of a cross-agency policy work programme that will support the delivery of the project. Bespoke governing arrangements were implemented including Sponsors being comprised of representatives from central and local Government as well as mana whenua. This arrangement recognises the important roles each Sponsor brings to the project.

Late 2022 saw the establishment of the ALR Alliance – a group of urban, engineering and planning professional services, brought in to progress core components of the business case.

Policy work continues in relation to the governance and delivery arrangements for ALR and how the project will be funded and financed, future operating arrangements, and business case assurance.

Further policy work surrounds the decision-making associated with the final investment decision, which is anticipated in the second half of 2024.

Bus driver terms and conditions initiative

This work aims to support recruitment and retention of bus drivers through improved terms and conditions.

Progress made during the year to June 2023:

- provided advice to the Minister of Transport on the use of funding received through Budget 2022. In October 2022, Cabinet agreed to draw down the tagged contingency funding to implement wage increases. This supported increases to driver wages to at least \$28 an hour in most regions.
- supported the development of a Budget initiative for further funding through Budget 2023. The Government provided an additional \$49.3 million over three years to implement further improvements, including increasing wage rates to \$30 an hour in urban areas and implementing a split shift allowance and night time penal rate.
- provided policy advice to the Green List expansion workstream led by the Ministry of Business, Innovation and Employment. In December 2022, migrant bus drivers became eligible for a time-limited residence pathway through a sector agreement, helping to address severe driver shortages.

Bus driver wages increased from an average of around \$24 an hour in mid-2022 to an average of around \$28.50 an hour in May 2023. This represents an average increase of around 19% in the last year.

The national bus driver shortage has reduced from 860 in December 2022 to 328 in June 2023, with hundreds more drivers in the process of being recruited and/or trained. Many regions and operators now have a full workforce.

We will work with Waka Kotahi to provide advice to the Minister of Transport on the use of the Budget 2023 funding to implement further improvements to driver terms and conditions.

Clean Car Discount Review

The Clean Car Discount encourages the purchase of low emissions vehicles by applying charges to high emission vehicles, with the revenue collected being used to fund rebates on low emissions vehicles. The scheme is considered best-practice globally. In 2022/23, Te Manatū Waka identified the need to review the scheme as rebates were being paid out faster than revenue was being collected from charges. Substantial modelling and advice were provided to Ministers, including an Interim Evaluation Report, which resulted in an additional \$100 million funding to support the scheme, and increases in charges and decreases in rebates to make it more sustainable in future. Overall, the scheme has proven effective, with much higher uptake of low emissions vehicles than originally forecasted. We will continue to monitor and review the scheme through 2023/24 to ensure settings are sustainable from a financial perspective.

Clean Vehicle Standard

The Clean Car Standard is a key policy for increasing supply of low emissions vehicles, and sets targets for importers in terms of the average CO₂ emissions of vehicles they import. In 2022/23, we responded to some concerns from the industry by creating a staged approach for its introduction through changes to the legislation under urgency. The Standard came into effect from 1 January 2023, and the full system, including trading CO₂ between companies, was successfully launched on 1 June 2023. The vehicle industry has been grateful for the Ministry and Waka Kotahi's engagement and responsiveness to concerns, which has ultimately led to smooth implementation. Importers are already achieving the 2024 targets, i.e. one year ahead of schedule. Later targets are set out to 2027 and are significantly stricter. Key steps for 2023/24 include reviewing the Standard and the targets set for coming years.

Decarbonising freight transport – Resourcing and seed funding

By 2035, New Zealand will be moving around 20% more freight than in 2019, but we also need to reduce freight emissions by 35% to meet the target in the Emissions Reduction Plan. Heavy vehicles account for around a quarter of our transport emissions, despite making up around 4% of our road fleet. Decarbonising heavy vehicles, rail and shipping poses more technological and operational challenges than light vehicles, so there is a role for government in removing regulatory barriers to new technologies, incentivising early adoption, supporting the roll out of charging and fuelling infrastructure, and other solutions to support the shift to lower emissions modes and vehicles.

The Ministry delivered on the Emissions Reduction Plan commitment to establish a Freight Decarbonisation Unit. The Unit is responsible for developing strategy and policy to support the freight sector to transition to net zero emissions. As part of developing the Aotearoa New Zealand Freight and Supply Chain Strategy, the Ministry undertook targeted stakeholder engagement on barriers to the uptake of zero emissions heavy vehicles and policies that could address them. The Ministry also consulted on freight charging issues as part of the draft Electric Vehicle Charging Strategy, including on the challenges for commercial heavy vehicles and green hydrogen fuelling.

The Ministry worked with MBIE and Waka Kotahi to establish a grant scheme of \$30 million in Budget 2023 for the purchase of low emissions heavy vehicles, including trucks, heavy vans and non-public transport buses. The fund will be administered by EECA.

Road freight decarbonisation is one of the priority focus areas in the Aotearoa New Zealand Freight and Supply Chain Strategy. The Ministry will implement the strategy's initial actions, including a review of the regulatory system to better enable zero emissions heavy vehicles to operate on our roads. The Freight Decarbonisation Unit will also develop future actions to further enable the road freight sector to decarbonise.

END-OF-YEAR PERFORMANCE INFORMATION**Extension of the Maintaining International Air Connectivity scheme to 31 March 2023**

The extension of the Maintaining International Air Connectivity scheme to 31 March 2023 ensured that New Zealand's air connectivity was maintained as air travel returned following the impacts of the COVID-19 pandemic. Funding was used to support a range of airlines to continue flying to key trading partners across the world, ensuring New Zealand's air freight was able to be moved while passenger numbers were recovering to commercially sustainable levels.

The Ministry of Transport administered the Maintaining International Air Connectivity scheme and contracted seven airlines to provide air services under the scheme to over 18 destinations. As passenger demand returned to commercially viable levels, financial support was reduced and then ceased on a market-by-market basis.

Future of the (Land Transport) Revenue System

The Future of the Revenue System project looks to develop and implement a new, or renewed, land transport revenue system by 2030 that will be fit for purpose for the next 20 to 30 years. We are looking at how transport revenue could be more sustainable in the context of climate change and increasing cost pressures.

We have undertaken background policy work, including a scan of how other jurisdictions fund their transport systems. Advice has focused on the issues and challenges our revenue system is facing, principles and criteria for decision making and outlining different approaches to raising revenue.

We also piloted two deliberative consultation methods with Kōi Tū: Centre for Informed Futures at the University of Auckland. The focus across both was to test New Zealanders' views on 'who should pay for what' across the land transport system.

We expect to work up more detailed options for a future revenue system and undertake public engagement over 2024. Decisions about our future approach to revenue and tools required would follow this, along with implementation planning.

Governance and Monitoring for the New Zealand Upgrade Programme – Transport

Over the past year, the Ministry and the Treasury have continued to work closely with delivery agencies, Waka Kotahi and KiwiRail, to deliver the New Zealand Upgrade Programme. The programme as a whole has faced a range of cost pressures due to ongoing material and labour cost increases. While these are gradually returning to longer term averages, cost challenges remain. As such the Ministry has continued to provide advice to the Minister of Transport and the Minister of Finance on significant decisions within the programme and on how to manage cost escalation. This includes assessing and providing advice on significant business cases early in 2023 as well as working on a revised delegations structure to provide delivery agencies with greater flexibility to manage cost pressures within the programme. The total programme budget is now sitting at \$8.978 billion with a focus on delivering projects that are in or near delivery in order to maximise outcomes within the fixed funding constraints. Most projects within the programme are now in delivery or in implementation stage.

Governance role and board appointments

The Ministry provides the Minister of Transport (and other Shareholding Ministers) with a wide range of advice that enables them to fulfil their statutory duties. This is achieved by overseeing the performance of Crown entities and companies within the transport sector, and managing the Crown's relationship with those entities, which includes supporting regular engagement between the responsible Ministers and Crown entities.

The entities within the transport portfolio include: Waka Kotahi NZ Transport Agency, Maritime New Zealand, the Civil Aviation Authority, the Transport Accident Investigation Commission, City Rail Link Limited, and established in 2022/23 Auckland Light Rail Limited, a Crown company established under Schedule 2 of the Crown Entities Act 2004.

The following key activities were undertaken in 2022/23 as part of this process:

- The establishment of Auckland Light Rail Limited
- Hosted the transport sector board forum in May 2023
- Work on regulatory fees and funding reviews for Waka Kotahi NZ Transport Agency, Maritime New Zealand and the Civil Aviation Authority
- Helping the Minister to participate in the process for setting the direction and priorities for transport Crown entities
- Regular performance briefings on each Crown entity to the Minister
- 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 funding sustainability and other requests.

GPS2024

The Government Policy Statement on land transport (GPS) sets out:

- what the government wants the land transport system to achieve
- the amount of National Land Transport Fund (NLTF) revenue forecast to be available for Waka Kotahi to allocate to transport investments
- how the government wants the funding to be allocated across different types of land transport system activities (for example, roads, public transport, active transport, or road safety)
- how the Minister of Transport expects Waka Kotahi to give effect to the GPS.

In August, the Government released the draft Government Policy Statement (GPS) on land transport 2024 for consultation. We are currently leading the consultation process on behalf of the Minister of Transport, and meeting with key stakeholders, including local government, to support their feedback.

The GPS is the Government's strategy for investing in the land transport system. It outlines what the Government wants to achieve in land transport, and how it expects funding to be allocated from the National Land Transport Fund across different types of activities (for example road maintenance, public transport, walking and cycling).

Each GPS sets out the priorities for the following 10-year period and is reviewed and updated every 3 years. In the next financial year, we intend to support the Government to release a final GPS 2024 by June 2024.

END-OF-YEAR PERFORMANCE INFORMATION**Mode-shift and reducing light vehicle kilometres travelled – Investments, planning, and enabling congestion charging****The establishment of the EPO, its role/how it contributes to mode shift/emissions reduction**

The Emissions Reduction Plan (ERP) is unprecedented in its size, scale and complexity, with over 80 actions in the transport chapter for the 2022-25 period, each representing a significant amount of work.

The ERP attracts a high level of interest and scrutiny – from Ministers, Parliament, the He Pou a Rangi Climate Change Commission, advocacy groups, and the general public. It is therefore important that we have the systems, processes and governance structures in place to effectively manage the programme.

The Ministry has established an Emissions Programme Office (EPO) to monitor and report on delivery against the ERP. The EPO prepares monthly and quarterly reports focusing on progress against initiatives in the ERP guided by the milestones and approaches outlined in the Decarbonising Transport Action Plan. As well as reporting regularly against project progress, the Decarbonising Transport Monitoring Framework is being developed so that outcome indicators can be tracked over time to understand how the overall programme of initiatives is contributing to key outcomes. At an individual initiative level, performance will also be assessed through detailed evaluations for selected initiatives.

The Ministry has established an Emissions Reduction Governance Group (ERG) which uses the information gathered through the reports outlined above to make decisions about the management of the delivery of the transport component of the first ERP, and the development of the next Emissions Reduction Plan, which will come into effect at the beginning of 2026. The EPO provides secretariat support for the ERG.

Port sector opportunities to support decarbonisation, resilience, and regional development

The Ministry was asked to commission research on the technical feasibility of the Manukau Harbour as a future port location, and to develop a strategic business case evaluating the potential for a large dry dock in Northland.

New Zealand's upper-North-Island ports are going to reach their maximum capacity in the next few decades. We need to explore options for resolving these issues now, so that our economy can continue to develop and we are more resilient to supply chain disruptions. The Manukau Harbour was the highest ranked option in a report by Sapere on potential future port locations. This initial study helps us reach a definitive conclusion on whether the harbour is a technically feasible location for a port or not, so that Government and port owners can make decisions on the future. The fieldwork for this study is largely completed, and a final report will be released in December.

We have worked with shipping stakeholders, local hapū, and others on the business case for a new dry dock at Northport. A new dry dock would reduce carbon emissions, support the resilience of our coastal shipping fleet, among other strategic benefits. This business case has been completed and is currently being considered by the Minister.

END-OF-YEAR PERFORMANCE INFORMATION

Programme assurance

The Programme Assurance and Commercial (PAC) team 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. This work includes providing oversight, monitoring and assurance across large programmes such as the New Zealand Upgrade Programme (NZUP), City Rail Link, and the Climate Emergency Response Fund (CERF).

Over the past year this has involved assessing and advising Ministers on significant business cases within NZUP, managing the funding agreement for the City Rail Link project alongside Auckland City Council, City Rail Link Limited and other partners, establishing a number of funding agreements with Waka Kotahi for new CERF initiatives and monitoring delivery. The PAC team also monitors and administers the Government's contracts with the Metrological Service of New Zealand (MetService) and the joint venture airports.

Resourcing the Ministry of Transport's COVID-19 response and policy functions

The Ministry's COVID-19 work programme significantly reduced during the year in line with the removal of public health measures both domestically and at the border. The vaccine mandate for border workers was removed in July 2022, and New Zealand's border was fully re-opened in August 2022, with the first cruise ship to visit New Zealand in over two years arriving on 12 August 2022.

Throughout the year the Ministry contributed to policy advice and engaged with stakeholders on the remaining COVID-19 public health measures. We also worked closely with the aviation sector

to implement new processes to collect samples for testing in order to contribute to the scientific understanding of the global transmission of COVID-19.

From a COVID-19 perspective, the Ministry is now focused on supporting Te Tira Ārai Urutā Royal Commission COVID-19 Lessons Learned.

Stewardship

The Ministry is charged under section 52 of the Public Service Act 2020 to support Ministers by maintaining the currency of our legislation, or regulatory stewardship. Regulatory stewardship takes different forms. It can include review of primary legislation, but also regulations, transport rules and transport instruments.

The Ministry has supported transport Crown entities with updating maritime and aviation rules, including:

- Maritime rule Parts 23 and 53 (lifeboat drills and pilot ladders)
- Aviation rule Part 139 (runway condition reporting).

We have also initiated a review of maritime legislation. This once in a generation review will take several years and will ensure Aotearoa's maritime legislation is fit for the next generation.

The Ministry also supported the development, drafting and initial stages of the Land Transport (Road Safety) Amendment Bill in conjunction with NZ Police. This fast-paced work was required to meet the Government's ambitious road safety programme.

The Ministry's next large legislation review will begin in earnest in 2023/24. This will see significant engagement with the maritime sector and government alike.

END-OF-YEAR PERFORMANCE INFORMATION**Temporary tax reductions**

The FED and RUC reductions aimed to reduce cost of living pressures by temporarily bringing down the cost of petrol by 25 cents per litre and road user charges by 32 percent per licence.

The reductions were first implemented in early 2022 and were extended several times, expiring on 30 June 2023.

The highlight of the FED and RUC reductions is that it delivered hundreds of millions of dollars in savings to New Zealanders. On average, New Zealanders saved \$17 per tank of petrol purchased. The owner of a light diesel vehicle saved \$27 per RUC licence purchased.

There are no next steps for 2024 because the reductions expired on 30 June 2023.

Undertake increased Crown monitoring of Waka Kotahi NZ Transport Agency's regulatory functions

The Ministry's Monitoring team has been focused on the successful completion of a major review into Waka Kotahi's regulatory fees and charges. The new fees and charges (due for implementation on 1 October 2023) will increase funding for the land transport regulatory function and improve the efficacy of regulatory outcomes. The team also started work with Waka Kotahi to achieve a sustainable funding solution for the rail regulatory function.

VKT reduction targets

Provided in 'Encouraging people to walk, cycle and use public transport' under Priority 1.

Financial performance

	2022 Actual \$000	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
47,532 Revenue Crown		59,108	58,513	59,108
2,852 Other revenue		892	2,360	765
50,384 Total revenue		60,000	60,873	59,873
49,942 Total expenses		55,452	60,873	59,873
442 Net surplus/(deficit)		4,548	-	-

END-OF-YEAR PERFORMANCE INFORMATION

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/Targets
Policy advice			
4.2	Satisfaction of the Transport Minister(s) with the policy advice service	Nil Result ¹	Average score between 3 and 4 or higher ²
67%	Milestones contained in the output plan are completed as agreed, or as subsequently amended by the agreement between the Minister and the Chief Executive ³	79% ⁴	90% or higher
98%	Percentage of policy papers that score 3.0 or higher	100% ⁴	90% or higher
53%	Percentage of policy papers that score 4.0 or higher	30% ⁴	40% or higher
Governance			
4.3	Satisfaction of the Minister(s) with the governance advice service	Nil Result ¹	Average score between 3 and 4 or higher ²
4.0	Satisfaction of the Minister(s) with board appointments' advice	Nil Result ¹	Average score between 3 and 4 or higher ²
100%	Percentage of governance papers that score 3.0 or higher	100% ⁴	90% or higher
71%	Percentage of governance papers that score 4.0 or higher	33% ⁴	40% or higher
Ministerial servicing			
97%	Percentage of Official Information Act requests to the Ministry replied to within statutory timeframes	95%	100%
55%	Ministerial correspondence replies and Ministerial Official Information Act replies completed within the timeframes agreed between the Ministry and the Office of the Minister	79% ⁵	90% or higher

1. The Ministry's practice is to survey Ministers at the end of the financial year and where they have held their transport portfolio for more than four months. Due to changes in the Ministers who held the Transport and Associate Transport portfolios towards the end of 2022/23 and the beginning of 2023/24, we were not able to obtain survey results for the 2022/23 financial year.
2. The performance standard for these measures has increased from 'between 2 and 3 or higher' in 2021/22 to 'between 3 and 4 or higher' in 2022/23. This increase reflects the Ministry's enhanced understanding of its performance and the Ministerial Satisfaction Survey assessment system.
3. The Ministry will publish on its website, following the completion of its annual audit, both the final Output Plan and advice on which of its deliverables were achieved.
4. 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.
5. Performance was lower than expected due to competing demands for staff time on other work. In many instances the agreed timeframe was missed by only one or two days.

END-OF-YEAR PERFORMANCE INFORMATION**Milford Sound/
Piopiotahi Aerodrome**

As a result of COVID-19, the level of traffic at the Milford aerodrome decreased significantly and the Ministry was unable to recover its costs of operating the aerodrome. This was an issue that also affected Airways who provide the aerodrome flight information services (AFIS), which are critical to enable the safe operation of the aerodrome due to the challenging terrain surrounding the aerodrome.

As a result of these challenges, Government provided \$3.175 million over two years to the Ministry to meet the costs of operating the aerodrome as well as meet any shortfall in revenue that Airways experiences from the provision of AFIS.

At the same time, the Civil Aviation Authority requested that the aerodrome should hold a 'Qualifying Aerodrome Certificate'. The funding has also been used to put in place all the processes and documentation required for the aerodrome to become a qualifying aerodrome. This required the Ministry to put in place new managers to operate the aerodrome. From 1 August 2023, the aerodrome became a qualifying aerodrome and a consortium led by Invercargill airport working together with QAOSH are the new managers of the aerodrome.

Financial performance

2022 Actual \$000		2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
1,644	Revenue Crown	1,361	1,770	1,861
90	Other revenue	247	325	325
1,734	Total revenue	1,608	2,095	2,186
1,184	Total expenses	1,103	2,095	2,186
550	Net surplus/(deficit)	505	-	-

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

2022 Actual	Performance measures	2023 Actual	2023 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 ¹	Achieved

1. Landing fee revenue has continued to be lower due to the ongoing impact of COVID-19.

END-OF-YEAR PERFORMANCE INFORMATION

Fuel Excise Duty Refund Administration

The delivery of fuel excise duty refunds is a Ministry responsibility that is undertaken on our behalf by Waka Kotahi.

In 2022/23 Waka Kotahi processed more than 80,000 fuel excise duty refunds. The sudden decrease in fuel excise duty in March 2022 resulted in a significant increase in claims. The reduction required claims to be lodged at both original and reduced prices, adding an additional workload of 90 percent. However, the implementation funding for the changes enabled additional resources to be brought on board in response to the increased workload.

Waka Kotahi also enhanced their fuel excise duty system in 2022/23. One benefit of this has been enhanced reporting. This addressed a calculation flaw in previous reporting, which had inflated the average processing time for fuel excise duty (FED) refunds. The new reporting system, introduced mid-year, included a recalculation for all earlier months to provide an accurate year end result.

Financial performance

2022 Actual \$000		2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
4,191	Revenue Crown	4,059	4,059	4,059
101	Other revenue	125	120	120
4,292	Total revenue	4,184	4,179	4,179
4,292	Total expenses	4,179	4,179	4,179
-	Net surplus/(deficit)	5	-	-

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

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
20 working days	Average number of days taken to process refunds of fuel excise duty	14 working days	20 working days or less

END-OF-YEAR PERFORMANCE INFORMATION

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's services.

The Ministry did not have any capital expenditure under this appropriation at the end of the year.

Financial performance

2022 Actual \$000		2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
53	Departmental capital expenditure	-	250	250

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 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.

The Ministry works with delivery agencies, KiwiRail and NZ Transport Agency (Waka Kotahi), as part of its responsibility to ensure that the Ministry of Business Innovation and Employment – Kānoa Regional Economic & Development Unit (Kānoa – RDU) receives

regular reporting to fulfil its oversight role of rail and state highway projects funded by the Provincial Growth Fund (PGF) and NZ Upgrade Programme – Regional Investment Opportunities (RIO). The oversight and assurance role sat with the Ministry, before transferring to Kānoa – RDU in September 2022 after the 2021/22 Memorandum of Understanding between the two ministries ended on 30 June 2022. The Ministry will continue to support Kānoa – RDU with monitoring PGF transport projects and its Vote Management and contract management responsibilities.

Financial performance

2022 Actual \$000		2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
1,637	Non-departmental output expenses: Supporting Regional and Infrastructure Projects	1,185	1,000	984
54,993	Non-departmental other expenses: Enabling Infrastructure Projects	11,138	15,000	9,831
4,718	Non-departmental other expenses: Regional Projects and Capability	-	-	-
11,230	Non-departmental capital expenditure: Infrastructure Projects	12,887	26,556	20,170
25,743	Non-departmental capital expenditure: Rail Projects	5,405	10,600	5,450
98,320	Total	30,615	53,156	36,435

END-OF-YEAR PERFORMANCE INFORMATION**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

2022 Actual	Performance measures	2023 Actual	2023 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

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
12 working days	Average number of days to release Provincial Growth Fund funding to support regional and infrastructure projects once approved	0 ¹	20 working days or less

1. There were no claims for supporting regional and infrastructure projects in 2022/23.

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

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
9 working days	Average number of days to release Provincial Growth Fund infrastructure funding once approved	7 working days	20 working days or less
79%	Work is carried out as per the agreed programme	100%	100%

END-OF-YEAR PERFORMANCE INFORMATION

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.

Assessment of Performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
New measure	Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to budget and timeframes	100%	100%
100%	Work is carried out as per the agreed programme	Not Applicable ¹	100%

1. The drainage project was completed in the 2021/22 financial year.

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

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
58%	Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to standards and timeframes	60% ¹	80% or greater

1. The programme did not meet target primarily due to disruptions and delays caused by cyclones Hale and Gabrielle, particularly in the Tairāwhiti region where some of the larger projects are located.

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

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
50%	Work is carried out as per the agreed programme	100%	100%

Section 6

Te mahi pūtea | Financial Performance



Te taunākī kawenga | Statement of Responsibility

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

- the preparation of the Ministry's financial statements and statements of expenses and capital expenditure, and for the judgements expressed 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; and
- 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 2023 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2024 and its operations for the year ending on that date.



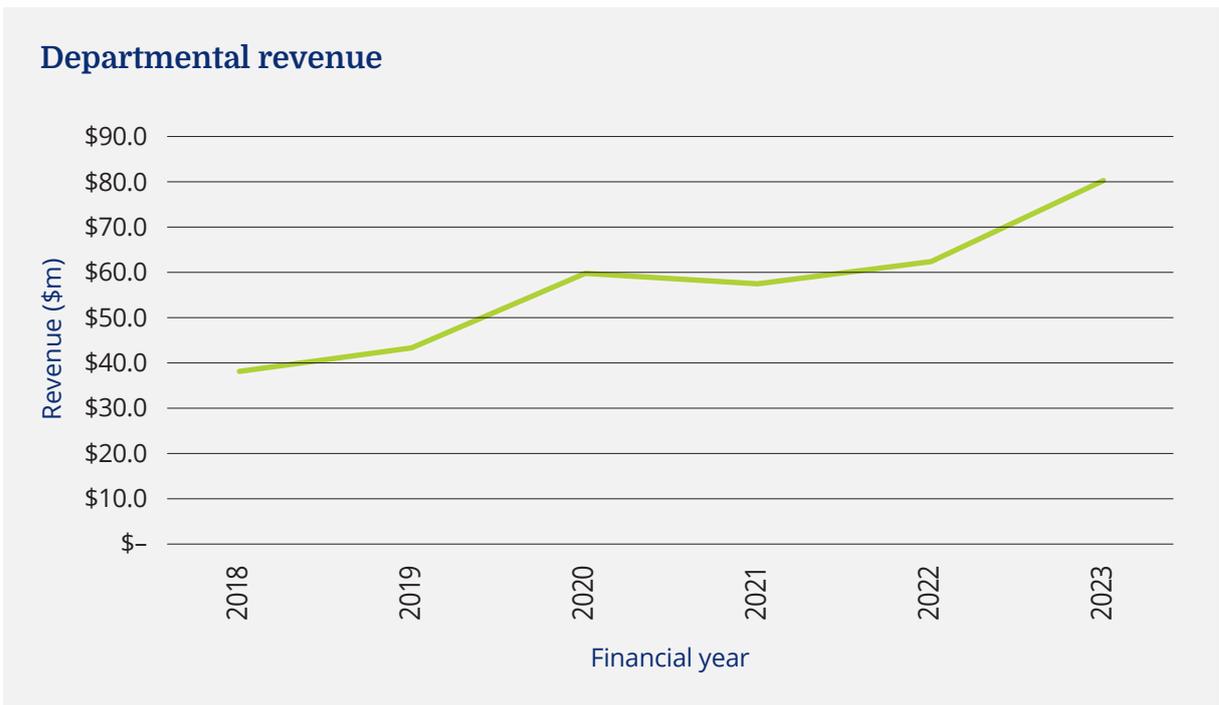
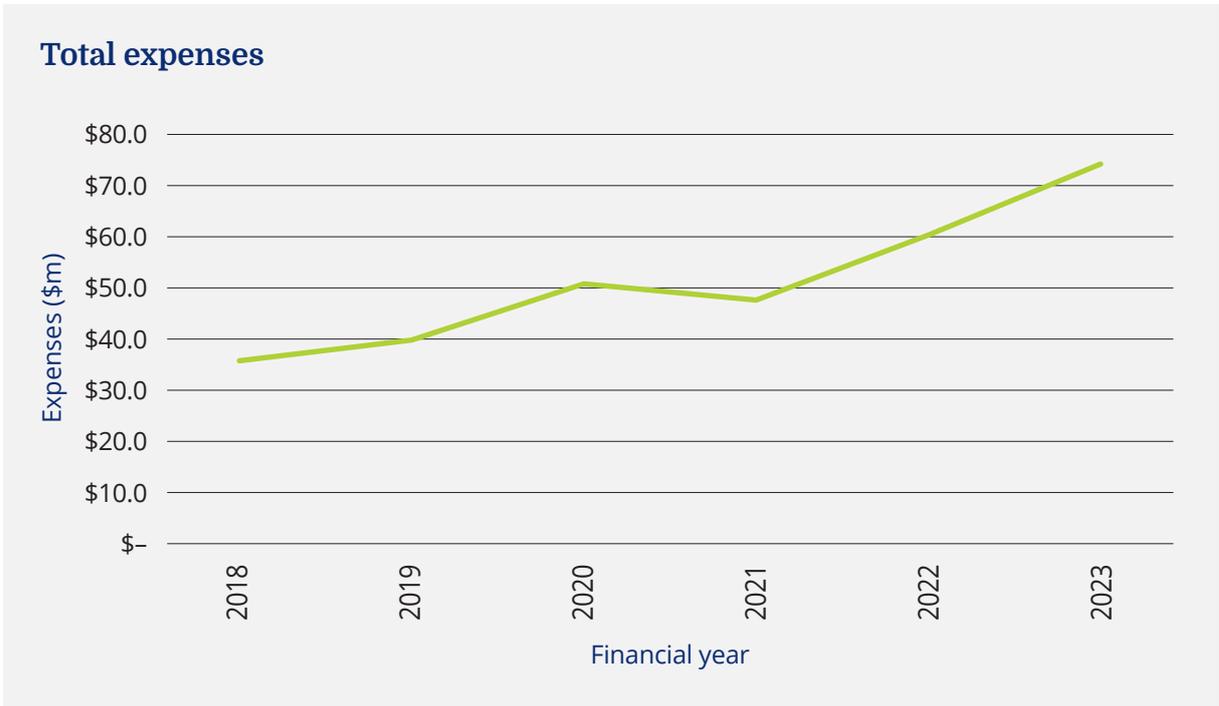
Audrey Sonerson

Chief Executive, Ministry of Transport
2 October 2023

FINANCIAL PERFORMANCE

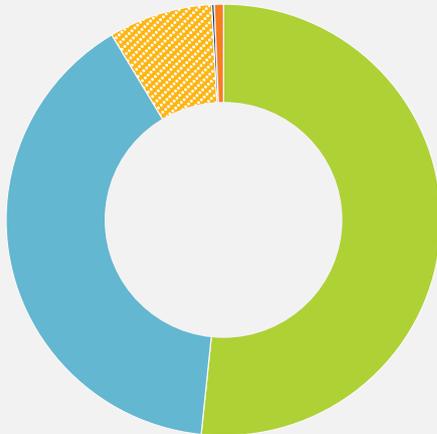
Te tirohanga whānui o te pūtea | Financial Overview

Departmental trends



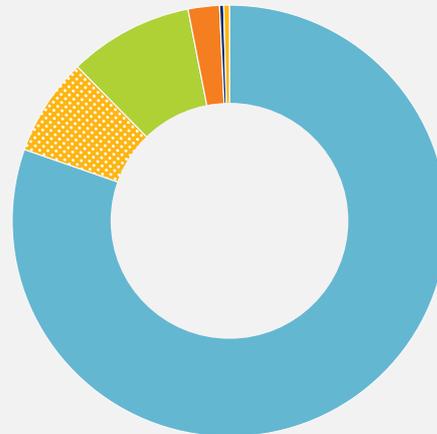
FINANCIAL PERFORMANCE

2022/23 Expenses (\$m)



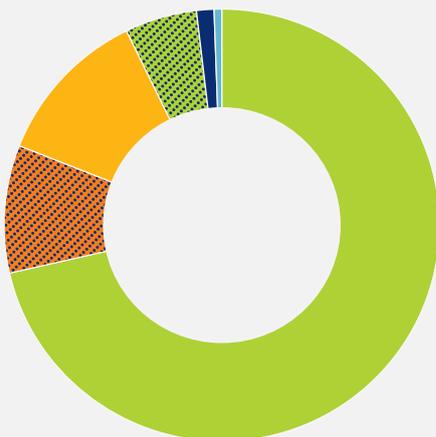
- Personnel expenses **\$38.65**
- Other operating expenses **\$29.76**
- Contractual payments to Crown entities **\$5.78**
- Capital charge **\$0.14**
- Depreciation and amortisation **\$0.51**

2022/23 Revenue (\$m)



- Transport – Policy advice, ministerial servicing, governance, and other functions **\$64.5**
- Search and Rescue Activity Coordination PLA **\$5.9**
- Auckland Light Rail Unit **\$7.4**
- Crown entities and other departments **\$1.9**
- Milford Aerodrome landing fees **\$0.2**
- Other recoveries **\$0.3**

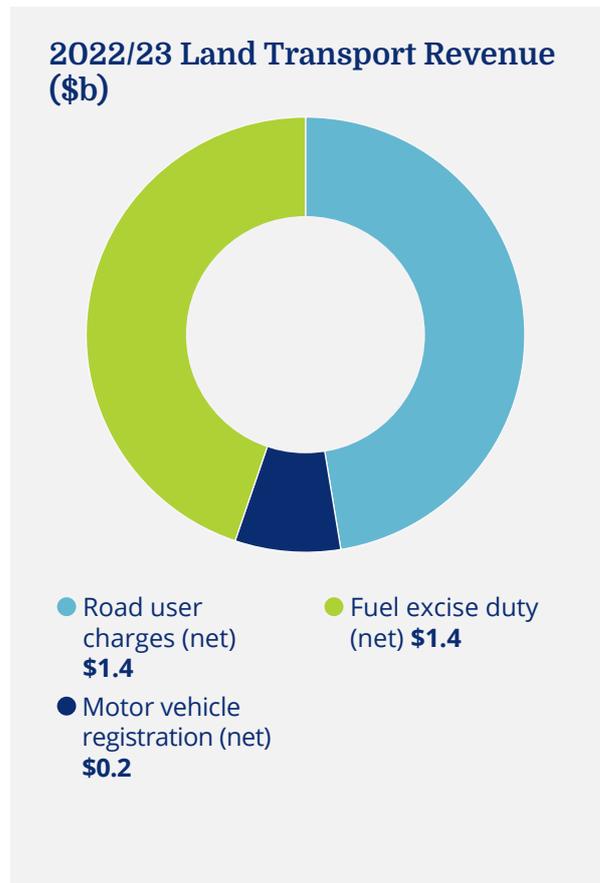
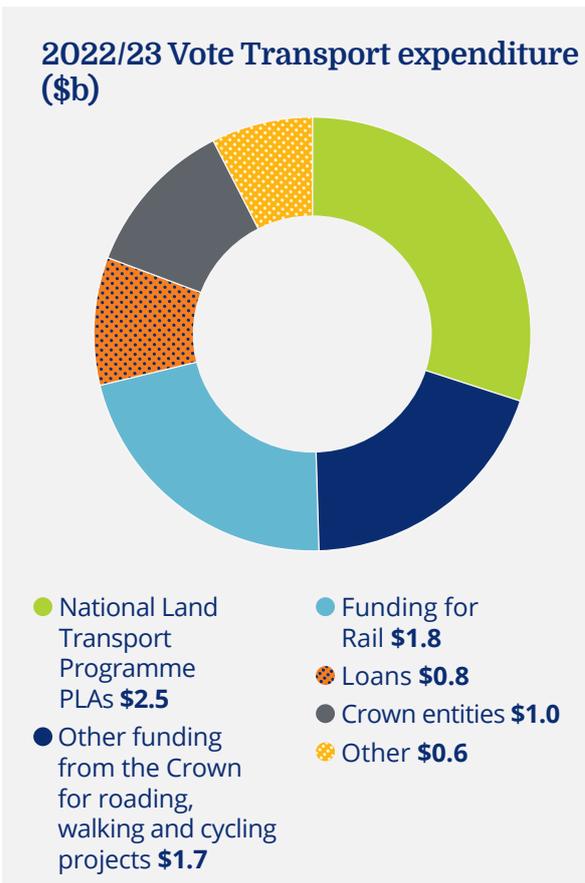
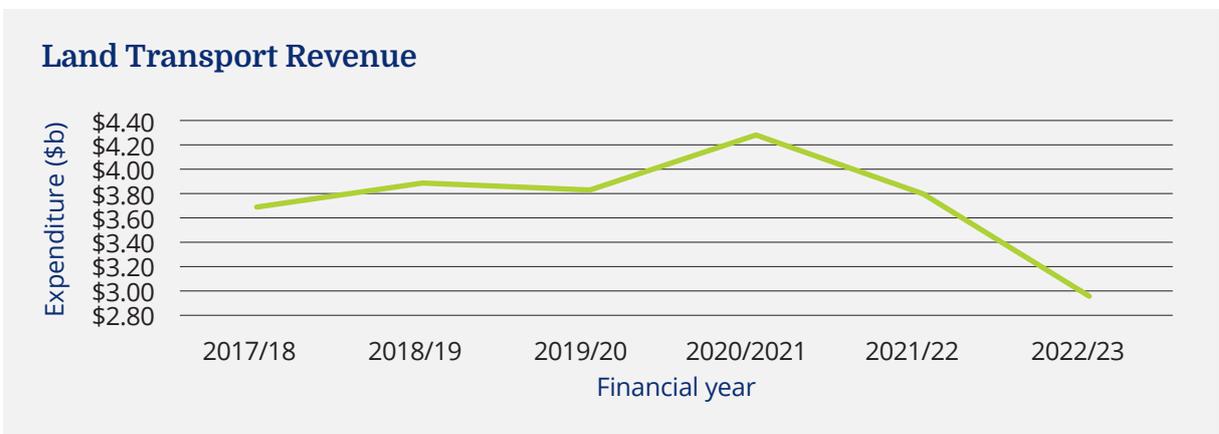
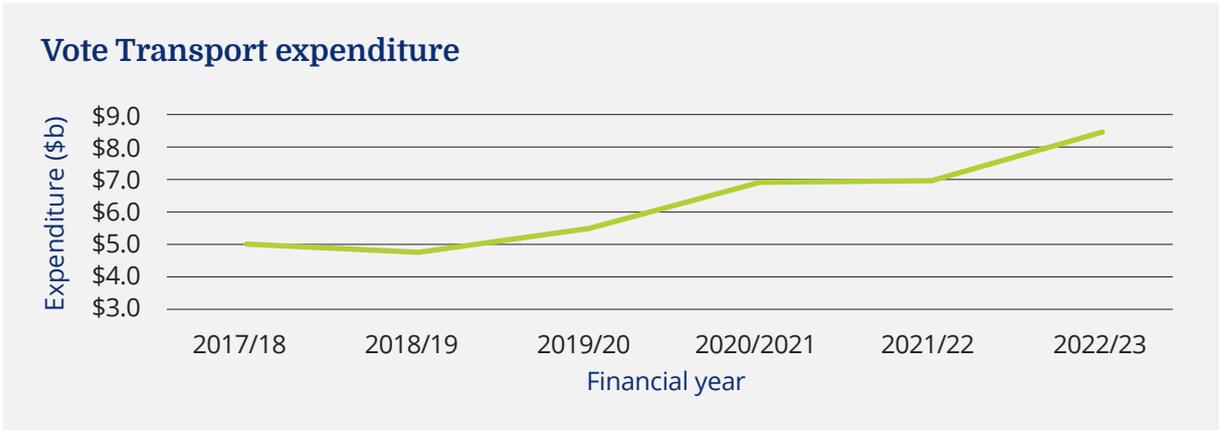
Other operating expenses (\$m)



- Consultant, research and legal expenses **\$21.2**
- Other operating expenses **\$2.8**
- Information technology expenses **\$3.5**
- Operating lease payments **\$1.6**
- Advertising and publicity **\$0.4**
- Audit NZ – the financial statement audit **\$0.2**

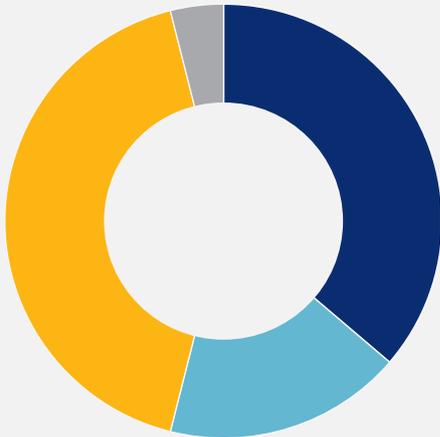
FINANCIAL PERFORMANCE

Non-departmental trends



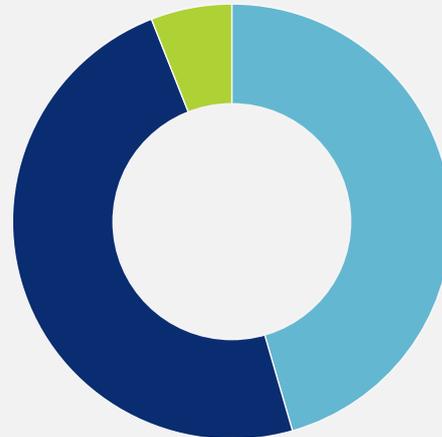
Key Work Programmes 2022/23

Tuawhenua Provincial Growth Fund (\$m)



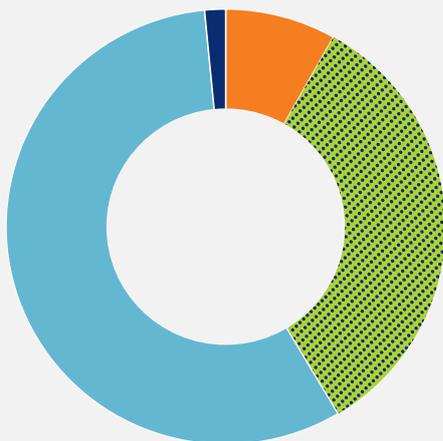
- Enabling Infrastructure Projects **\$11.1**
- Rail Projects **\$5.4**
- Infrastructure Projects **\$12.9**
- Supporting Regional and Infrastructure Projects **\$1.2**

Clean Car Programmes (\$m)



- Clean Vehicle Discount Scheme - Crown funded) **\$168.4**
- Clean Car Standard **\$22.1**
- Clean Vehicle Discount Scheme - Fee funded) **\$179.3**

Covid-19 Response (\$m)



- COVID-19 - NLTF Operating Cost Pressure and Revenue Shortfall Funding **\$17.6**
- Protection of Transport Agency Functions **\$71.6**
- Maintaining international air services MYA **\$122.6**
- Maintaining Essential Transport Connectivity **\$3.3**

Te mahi pūtea | Financial Performance

Column definitions

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

- **2022 Actual** – as published in the Ministry's Annual Report for the year ended 30 June 2022.
- **2023 Actual** – the audited actual figures for the current financial year.
- **2023 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 2022. This information is unaudited.
- **2023 Forecast** – as published in the Ministry's Supplementary Estimates for the 2023 year. This information is unaudited.
- **2024 Forecast** – as published in the Ministry's BEFU for the 2023 year. This information is unaudited.

Refer to Note 1 for more information on 2024 Forecast figures.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

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

2022 Actual \$000		Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	2024 Forecast \$000
Revenue						
58,085	Revenue Crown	2	77,833	138,459	80,391	74,722
4,232	Other revenue	3	2,458	4,105	3,297	1,145
62,317	Total revenue		80,291	142,564	83,688	75,867
Expenses						
31,404	Personnel expenses	4	38,645	53,448	39,092	40,876
22,901	Other operating expenses	5	29,760	81,986	38,436	28,173
5,892	Contractual payments to Crown entities	6	5,784	6,579	5,779	6,267
141	Capital charge	7	141	154	141	154
237	Depreciation – property, plant and equipment	10	506	172	240	172
1	Amortisation – intangible assets	11	1	225	-	225
60,575	Total expenses		74,837	142,564	83,688	75,867
1,741	Net surplus	15	5,454	-	-	-
1,741	Total comprehensive revenue and expense		5,454	-	-	-

Explanations of major variances against the 2022/23 budget are provided in Note 18.

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Statement of Financial Position

As at 30 June 2023

The Statement of Financial Position reports the total assets and liabilities of the Ministry as at 30 June 2023. Equity is represented by the difference between the assets and liabilities.

2022 Actual \$000		Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	2024 Forecast \$000
Current assets						
13,460	Cash and cash equivalents		9,530	3,177	9,730	9,860
1,713	Debtors, prepayments and other receivables	9	6,346	6,718	3,421	3,421
15,173	Total current assets		15,876	9,895	13,151	13,281
Non-current assets						
1,602	Property, plant and equipment	10	1,097	1,382	1,365	1,193
2	Intangible assets	11	1	274	250	275
1,604	Total non-current assets		1,098	1,656	1,615	1,468
16,777	Total assets		16,974	11,551	14,766	14,749
Current liabilities						
8,292	Creditors and other payables	12	4,281	5,691	8,710	8,710
2,753	Employee entitlements	13	3,179	1,711	2,065	2,065
17	Provisions	14	115	25	17	-
1,741	Provisions to replay surplus		5,456	-	-	-
12,803	Total current liabilities		13,031	7,427	10,792	10,775
Non-current liabilities						
1,150	Employee entitlements	13	1,118	1,300	1,150	1,150
1,150	Total non-current liabilities		1,118	1,300	1,150	1,150
13,953	Total liabilities		14,149	8,727	11,942	11,925
2,824	Net assets		2,824	2,824	2,824	2,824
Equity						
1,947	Taxpayers' funds		1,947	1,947	1,947	1,947
-	Capital contribution		-	-	-	-
877	Revaluation reserve – aerodrome and land		877	877	877	877
2,824	Total equity	8	2,824	2,824	2,824	2,824

Explanations of major variances against the 2022/23 budget are provided in Note 18.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2023

2022 Actual \$000	Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	2024 Forecast \$000
2,824		2,824	2,824	2,824	2,824
	Balance at 1 July				
1,741	Total comprehensive revenue and expense	5,454	-	-	-
	Owner Transactions				
(1,741)	Return of operating surplus to the Crown	(5,454)	-	-	-
2,824	Balance at 30 June	2,824	2,824	2,824	2,824
	8				

Explanations of major variances against the 2022/23 budget are provided in Note 18. The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Statement of Cash Flows

For the year ended 30 June 2023

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

2022 Actual \$000	Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	2024 Forecast \$000
Cash flows from operating activities					
73,115	Crown revenue	68,237	138,459	78,381	74,722
3,813	Revenue from departments/ Crown entities	2,037	3,780	2,472	820
287	Other revenue	570	325	825	325
(30,972)	Personnel costs	(38,110)	(53,531)	(39,179)	(25,241)
(23,477)	Operating expenses	(29,304)	(81,920)	(38,349)	(43,825)
(5,892)	Contractual payments to Crown entities	(5,784)	(6,579)	(5,779)	(6,267)
(1,611)	Net GST received/(paid)	306	-	-	-
(212)	Capital charge	(141)	(154)	(141)	(154)
15,051	Net cash flows from operating activities	15 (2,189)	380	(1,760)	380
Cash flows from investing activities					
(54)	Purchase of property, plant, and equipment	-	-	-	-
	Purchase of intangible assets	-	(250)	(250)	(250)
(54)	Net cash flows from investing activities	-	(250)	(250)	(250)
Cash flows from financing activities					
(9,515)	Return of operating surplus	(1,741)	-	(1,720)	-
(9,515)	Net cash flows from financing activities	(1,741)	-	(1,720)	-
5,482	Net increase/(decrease) in cash and cash equivalents	(3,930)	130	(3,730)	130
7,978	Cash and cash equivalents at the beginning of the year	13,460	3,047	13,460	9,730
13,460	Cash and cash equivalents at the end of year	9,530	3,177	9,730	9,860

Explanations of major variances against the 2022/23 budget are provided in Note 18.

The accompanying notes form part of these financial statements.

Statement of Commitments

As at 30 June 2023

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for acquiring property, plant, and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

The Ministry has no capital commitments as at 30 June 2023 (2022: nil).

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.

2022 Actual \$000		2023 Actuals \$000
Operating lease as lessee		
The future aggregate minimum lease payments to be paid under non cancellable operating leases are as follows:		
1,239	Not later than 1 year	1,239
1,453	Later than 1 year and not later than 5 years	214
-	Later than 5 years	-
2,692	Total non-cancellable operating lease commitments	1,453

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.

Statement of contingent liabilities and contingent assets

As at 30 June 2023

The Ministry has no contingent assets or liabilities as at 30 June 2023 (2022: nil).

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

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 2023

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 2023.

The financial statements of the Ministry are for the year ended 30 June 2023. These financial statements were authorised for issue by the Chief Executive on 2 October 2023.

Basis of preparation

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

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.

Presentation currency and rounding

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

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.

New or amended standards adopted

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments*, which supersedes both PBE IFRS 9 *Financial Instruments* and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. The Ministry has adopted PBE IPSAS 41 for the first time this year. There has been little change as a result of adopting the new standard, because the requirements are similar to those contained in PBE IFRS 9

PBE FRS 48 Service Performance Reporting

This Standard establishes new requirements for the selection and presentation of service performance information. The Ministry has adopted PBE FRS 48. The main change between PBE FRS 48 and PBE IPSAS 1 *Presentation of Financial Statements* is that PBE FRS 48 requires additional information to be disclosed on the judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information. This is disclosed on page 72 of the service performance information.

Standards issued and not yet effective and not-early adopted

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

2022 Omnibus Amendment to PBE Standards

This Standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- **PBE IPSAS 17 Property, Plant and Equipment:** The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.

- **PBE IPSAS 30 Financial Instruments: Disclosures:** The amendment specifically refers to disclosing the circumstances that result in fair value of financial guarantee contracts not being determinable.
- **PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets:** The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The changes are for financial statements covering periods beginning on or after 1 January 2023.

The Ministry has not yet assessed in detail the impact of these amendments and the new standard.

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.

FINANCIAL PERFORMANCE

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.

The Ministry is permitted to expend its cash and cash equivalents only within the scope and limits of its appropriations.

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.

Budget and Forecast figures

Basis of preparation

The 2023 budget figures are for the year ended 30 June 2023 and were published in the 2021/22 annual report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2022/23.

The forecast figures, representing the Forecast Financial Statements, are those published in the BEFU for the year ended 30 June 2024, 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 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 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. All items in the financial statements, including appropriation statements, are stated exclusive of.
- There were a number of instances of significant one-off funding in 2022/23.
- Personnel costs were based on fully budgeted established positions including transition costs to a new remuneration framework and the second round of the Public Services Pay Adjustment agreement, due in December 2023.
- 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 2023. The Chief Executive is responsible for the Forecast Financial Statements presented, including the appropriateness of the underlying assumptions and all other required disclosures. Although the Ministry regularly updates its forecasts, it will not publish updated forecast financial statements for the year ending 30 June 2024.

Critical accounting estimates and assumptions

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

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

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
53,367	Transport – Policy advice, ministerial servicing, governance, and other functions	64,528	64,528	69,696
4,718	Search and Rescue Activity Coordination PLA	5,863	5,863	5,026
-	Auckland Light Rail Unit	7,442	10,000	-
58,085	Total revenue Crown	77,833	80,391	74,722

Note 3: Other Revenue

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
4,021	Crown entities and other departments	1,871	2,472	820
90	Milford Sound/Piopiotaahi Aerodrome landing fees	247	825	325
121	Other recoveries	340	-	-
4,232	Total other revenue	2,458	3,297	1,145

Note 4: Personnel Expenses

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes

Employee contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
29,625	Salary and wages	36,724	37,181	39,399
831	Employer contributions to defined contribution schemes	975	1,034	1,192
647	Other personnel costs	720	877	285
	Changes to provisions			
414	Annual leave	81	-	-
82	Long service leave	8	-	-
(195)	Retirement leave	129	-	-
-	Sick leave	8	-	-
31,404	Total personnel expenses	38,645	39,092	40,876

Note 5: Other Operating Expenses

Accounting policy

Other expense

Other expenses are recognised as goods and services are received.

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
	Fees to auditor:			
148	• fees to Audit New Zealand for audit of financial statements	169	182	96
22	• fees to Audit New Zealand for other services	22	-	-
15,754	Consultant, research and legal expenses	21,236	28,446	21,399
2,026	Other operating expenses	2,844	3,501	2,062
3,250	Information technology expenses	3,511	3,890	2,907
1,536	Operating lease payments	1,594	1,657	1,313
164	Advertising and publicity	384	760	396
22,901	Total other operating expenses	29,760	38,436	28,173

The fees for other services from the auditor were for assurance services over the procurement of a feasibility study to develop Manukau Harbour.

Note 6: Contractual Payments to Crown Entities

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
4,292	Waka Kotahi NZ Transport Agency: for fuel excise duty refund activity	4,184	4,179	4,667
800	Civil Aviation Authority: for rules programme activity	800	800	800
800	Maritime New Zealand: for rules programme activity	800	800	800
5,892	Total contractual payments to Crown entities	5,784	5,779	6,267

Note 7: Capital Charge

Accounting Policy

The capital charge is recognised as an expense in the financial year that the charge relates to.

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 2023 was 5 percent for both payments (2022: 5 percent for both payments).

FINANCIAL PERFORMANCE

Note 8: Equity

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
Taxpayers' funds				
1,947	Balance at 1 July	1,947	1,947	1,947
1,741	Net surplus/deficit	5,454	-	-
(1,741)	Provision to repay surplus	(5,454)	-	-
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

Accounting policy

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

Short-term receivables are written off when there are no reasonable expectations of recovery. Indicators that there are no reasonable expectations of recovery include the receivable being more than one year overdue.

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
Receivables from non-exchange transactions				
-	Due from the Crown	5,611	3,151	3,151
273	GST receivable	-	-	-
Receivables from exchange transactions				
939	Other receivables	181	169	169
502	Prepayments	554	101	101
1,713	Total receivables	6,346	3,421	3,421

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 \$27 were past due at 30 June 2023 (2022: \$287).

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 2023 (2022: Nil).

Note 10: Property, Plant and Equipment

Accounting policy

Property, plant and equipment consists of the following asset classes: leasehold improvements, plant and equipment, and Milford Sound/Piopiotaahi Aerodrome.

Individual assets or groups of assets are capitalised if their cost is greater than \$5,000.

Revaluation

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, during the 2022/23 financial year depreciation of the runway was accelerated based on a recommendation from BECA Limited.

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.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised 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.

Depreciation/Amortisation

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

The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

FINANCIAL PERFORMANCE**Impairment**

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount that the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive revenue and expense, and decreases the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

FINANCIAL PERFORMANCE

	Leasehold improvements \$000	Plant and equipment \$000	Milford Sound/ Piopiotahi Aerodrome \$000	Total \$000
Cost or valuation				
Balance at 1 July 2021	931	120	1,286	2,337
Additions	-	54	-	54
Revaluations	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2022	931	174	1,286	2,391
Balance at 1 July 2022	931	174	1,286	2,391
Additions	-	-	-	-
Revaluations	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2023	931	174	1,286	2,391
Accumulated depreciation				
Balance at 1 July 2021	380	104	68	552
Depreciation	175	7	55	237
Revaluations	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2022	555	111	123	789
Balance at 1 July 2022	555	111	123	789
Depreciation	175	7	324	506
Revaluations	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2023	729	118	447	1,294
Carrying amounts				
At 30 June 2021	551	16	1,218	1,785
At 30 June 2022	376	63	1,163	1,602
At 30 June 2023	202	56	839	1,096
Unaudited forecast at 30 June 2024	27	49	1,117	1,193

Work in progress

There was no work in progress asset as at 30 June 2023 (2022: \$nil).

Restrictions

There are no restrictions over the title of the Ministry's plant, property and equipment.

FINANCIAL PERFORMANCE

Note 11: Intangibles**Accounting policy****Software Acquisitions**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software and bring it to use.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the software.

Costs associated with development and maintenance of the Ministry's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Software	3-5 years	20-33.3% per annum
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Impairment

Intangible assets subsequently measured at cost that have an indefinite useful life or that are not yet available for use are tested annually for impairment, irrespective of whether there is any indicator of impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in Note 10. The same approach applies to the impairment of intangible assets.

FINANCIAL PERFORMANCE

	Acquired software \$000	Total \$000
Cost or valuation		
Balance at 1 July 2021	433	433
Additions	-	-
Disposals	-	-
Balance at 30 June 2022	433	433
Additions	-	-
Disposals	-	-
Balance at 30 June 2023	433	433
Accumulated amortisation and impairment losses		
Balance at 1 July 2021	430	430
Balance at 1 July 2021	1	1
Amortisation expense	-	-
Disposals	-	-
Impairment losses	-	-
Balance at 30 June 2022	431	431
Balance at 1 July 2022	431	431
Amortisation expense	1	1
Revaluations	-	-
Disposals	-	-
Balance at 30 June 2023	432	432
Carrying amounts		
At 30 June 2021	3	3
At 30 June 2022	2	2
At 30 June 2023	1	1
Unaudited forecast at 30 June 2024	275	275

Restrictions

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.

FINANCIAL PERFORMANCE

Note 12: Creditors and Other Payables

Accounting policy

Short-term payables are recorded at the amount payable

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
	Payables under exchange transactions			
2,009	Trade creditors under exchange transactions	2,835	-	-
3,983	Deferred revenue	-	-	-
1,796	Accrued expenses	1,147	6,706	6,706
504	Revenue received in advance	266	504	504
	Payables under non-exchange transactions			
-	GST Payable	33	1,500	1,500
8,292	Total creditors and other payables	4,281	8,710	8,710

Note 13: Employee Entitlements

Accounting policy

Short-term employee entitlements

Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period that the employees provide the related service in are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

Long-term entitlements

Employee entitlements that are not expected to be settled wholly before 12 months after the end of the reporting period that the employees provide the related service in, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlements information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Critical accounting estimates and assumptions

The present value of 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	2023		2022	
	2023	2022	2023	2022
Year 1	5.43%	3.34%	Year 0	0.00%
Year 2	4.85%	3.70%	Year 1	3.60%
Year 3+	4.84%	4.29%	Year 2+	3.08%

Breakdown of employee entitlements

	2022 Actual \$000	2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
Current portion				
688	Annual salary	908	210	210
1,822	Annual leave	1,946	1,612	1,612
163	Long service leave	173	173	173
55	Retirement leave	119	70	70
25	Sick leave	33	-	-
2,753	Total of current portion	3,179	2,065	2,065
Non-current portion				
224	Long service leave	220	220	220
926	Retirement leave	898	930	930
1,150	Total of non-current portion	1,118	1,150	1,150
3,903	Total employee entitlements	4,297	3,215	3,215

FINANCIAL PERFORMANCE**Note 14: Provisions****Accounting Policy**

A provision is recognised for future expenditure of an uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for net deficits from future operating activities.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate based on market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated timing of the future cash outflows.

Breakdown of provisions and further information

	Holidays Act Compliance \$000	Other Provisions \$000	Total \$000
Balance at 1 July 2021	17	-	17
New provision	-	98	98
Release of provision	-	-	-
Balance at 1 July 2022	17	98	115
New provision	-	-	-
Release of provision	-	-	-
Balance at 30 June 2023	-	98	115
Current liabilities	17	98	115
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. No additional provision was made at 30 June 2023.

Note 15: 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

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
1,741	Net surplus	5,454	-	-
	Add non-cash items			
237	Depreciation or property, plant and equipment	507	240	172
1	Amortisation of intangible assets	-	-	225
238	Total of non-cash items	507	240	397
	Add/(deduct) movements in working capital items			
9,875	Increase/(decrease) in debtors and other receivables	(4,633)	(2,000)	-
2,740	Increase/(decrease) in payables and provisions	(3,911)	-	(17)
457	Increase/(decrease) in employee entitlements	394	-	-
13,072	Net movements in working capital items	(8,150)	(2,000)	(17)
15,051	Net cash flows from operating activities	(2,189)	(1,760)	380

Note 16: Financial Instrument categories

The carrying amounts of financial assets and liabilities in each of the PBE EPSAS 41 financial categories are as follows:

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
	Financial assets measured at amortised cost			
13,460	Cash and cash equivalents	9,530	9,730	9,860
938	Debtors, prepayments and other receivables	6,346	3,421	3,421
14,398	Total financial assets measured at amortised cost	15,876	13,151	13,281
	Financial liabilities measured at amortised cost			
7,788	Creditors and other payables	4,281	8,710	8,710
7,788	Total financial liabilities measured at amortised cost	4,281	8,710	8,710

FINANCIAL PERFORMANCE**Note 17: Related Party Information**

The Ministry is a wholly owned entity of the Crown.

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 2022/23 (2022: nil).

Key management personnel compensation

2022 Actual \$000		2023 Actual \$000
	Senior Leadership Team, including the Chief Executive	
2,023	Remuneration	2,107
7	Full-time equivalent staff	7

The key management personnel remuneration disclosure includes the Chief Executive and six other members of the Senior Leadership Team and those formally acting in these positions during the financial year on a full-time equivalent basis. The above key management personnel disclosure excludes the Minister of Transport. The Minister's remuneration and other benefits are not received only for his role as a member of key management personnel of the Ministry. The Remuneration Authority sets the Minister's remuneration and other benefits under the Members of Parliament (Remuneration and Services) Act 2013, and they are paid under permanent legislative authority on behalf of the Crown by the Department of Internal Affairs, not by the Ministry of Transport.

In 2022/23, no termination benefits were paid to key management personnel (2022: no termination benefits were paid to key management personnel).

Note 18: Explanation of Major Variances against Budget 2023 Figures

Explanations for major variances from the Ministry's original 2022/23 budget figures are as follows:

Statement of Comprehensive Revenue and Expense

Revenue

Revenue Crown

Crown revenue was \$60.626 million lower than originally budgeted mostly due to funding being transferred to the Auckland Light Rail Unit which moved out of the Ministry during the year.

Other Revenue

Other revenue was below budget by \$0.839 million due to lower than budgeted expenditure within Search and Rescue Training which operates on a calendar year and third party funded initiatives driving lower revenue.

Expenses

Personnel Expenses

Personnel costs were lower than budgeted by \$14.803 million due to the transfer out of the Auckland Light Rail Unit. Residual underspends relate to vacant roles within the Ministry due to staff turnover and a tight labour market providing challenges with securing recruitment.

Other Operating Expenses

Other operating expenses were under budget by \$52.226 million primarily due to the transfer of the Auckland Light Rail Unit and its associated costs out of the Ministry during the year to its own entity.

Contractual payments to Crown entities

Contractual payments to Crown entities were lower than planned by \$0.8 million due to lower than anticipated expenditure within our Crown entities driving lower claims.

Statement of Financial Position

Assets

Cash

Cash and cash equivalents are higher than budgeted by \$6.353 million due to the underspends discussed above as several projects were delayed resulting in lower than forecasted cash outflow

Liabilities

Creditors and other payables

Creditors and other payables were lower than budgeted by \$1.410 million primarily due to lower accrued expenses in relation to additional initiatives delivered during the year.

Provision to repay surplus

Due to the underspend in 2022/23, the Ministry has recognised a surplus of \$5.454 million which will be repaid to the Crown.

Statement of Cash Flows

Variances in the statement of cash flows are in line with variances in the statement of comprehensive revenue and expense and statement of financial position as explained above.

Note 19: Events after Balance Sheet Date

There have been no significant events after balance date.

FINANCIAL PERFORMANCE

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

The following non-departmental statements and schedules record the revenue, capital receipts, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Ministry manages on behalf of the Crown.

Schedule of Non-Departmental Revenue and Receipts

For the year ended 30 June 2023

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

2022 Actual \$000		Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
2,013,822	Indirect taxation	2	1,582,313	2,041,155	1,527,802
25,063	Other 'sovereign power' revenue	3	170,753	132,987	185,731
161,362	Other operational revenue	4	136,788	8,760	158,760
(198,461)	Share of net asset increase/(decrease) in joint ventures	8	(127,235)	-	-
2,001,786	Total non-departmental revenue and receipts		1,762,619	2,182,902	1,872,293

Schedule of Non-Departmental Expenses

For the year ended 30 June 2023

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

Further details are provided in the appropriation statements.

2022 Actual \$000		Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
3,712,540	Non-departmental output classes	5	4,824,200	4,119,586	4,707,784
586,652	Other expenses to be incurred by the Crown	6	532,569	317,409	934,012
229,834	Non-departmental multi-category appropriation expenses		89,721	188,374	214,593
24,771	Bad debts expenses		14,935	4,000	18,000
(14,147)	Movement in doubtful debts provision		196	-	47,370
616,510	GST expenses		800,842	694,280	881,031
5,156,161	Total non-departmental expenses		6,262,462	5,323,649	6,802,790

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 2023.

Explanations of major variances against budget are provided in Note 12.

Schedule of Non-Departmental Assets

For the year ended 30 June 2023

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

2022 Actual \$000	Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
Current assets				
67,625	Cash and cash equivalents	77,636	20,865	10,132
56,339	Receivables	7 263,618	39,158	46,304
Non-current assets				
1,149,973	Investment in joint ventures	8 1,477,503	1,927,266	1,629,803
1,273,937	Total non-departmental assets	1,818,757	1,987,289	1,686,239

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 2023

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

2022 Actual \$000	Note	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000
Current liabilities				
623,823	Payable	10 996,694	466,034	588,916
623,823	Total non-departmental liabilities	996,694	466,034	588,916

FINANCIAL PERFORMANCE

Schedule of Non-Departmental Commitments

For the year ended 30 June 2023

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.

2022 Actual \$000		2023 Actual \$000
	Operating commitments	
25,724	Other non-cancellable contracts for the supply of goods and services	132,289
25,724	Total operating commitments	
	Term classification of commitments	
25,724	Not later than 1 year	31,232
-	- Later than 1 year but not later than 5 years	101,057
-	- Later than 5 years	
25,724	Total operating commitments	132,289

Statement of Non-Departmental Contingent Liabilities and Contingent Assets

For the year ended 30 June 2023

This statement discloses situations which exist at 30 June 2023, 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.

Contingent liabilities

2022 Actual \$000		2023 Actual \$000
	Operating commitments	
10,000	Transport Accident Investigation Commission emergency guarantee	10,000
-	- Waka Kotahi NZ Transport Agency Public-Private partnership claims	203,000
-	- Waka Kotahi NZ Transport Agency Clean Car Standards credits scheme	84,000
-	- Waka Kotahi NZ Transport Agency Non-Public-private partnership roading claims	114,000
10,000	Total contingent liabilities	411,000

Emergency guarantee

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.

Public-Private Partnership cost claims

Waka Kotahi is a party to two public-private partnerships (PPPs), Transmission Gully and Pūhoi to Warkworth). Both are subject to disputes and settlements, largely related to COVID-19 impacting progress and causing delays (totalling approximately \$203 million). Waka Kotahi is currently working through these disputes with the contractors, including using independent reviewers, but has not been presented with evidence to indicate an amount of the claim with any certainty to allow a liability to be measured and recognised.

Clean Car Standard – Credits

The Clean Car Standard (CCS) scheme became effective from 1 January 2023. Cars that are imported with a CO₂ level above the CCS standard pay a charge, while cars that are imported with a CO₂ level below the CCS standard receive a credit. This credit can be used by importers to offset a current charge, kept (for a period of time) to offset future charges, or sold to another importer. The intent of the scheme is for importers to balance the CO₂ emissions of their imports to ensure their net position requires no payment of charges, rather than to raise revenue for the Crown.

As at June 2023, there were charges of \$54 million and credits of \$138 million, resulting in a surplus credit position of \$84 million that could be used to offset future charges. These credits have not been recognised as a liability in the statement of financial position because there is no obligation for the Crown to pay for unused credits and it is not probable that the excess credits will be used to offset charges in the future. This is because import trends indicate that there will be sufficient credits earned in future years to offset the charges in future years, meaning the excess credits at 30 June 2023 will not be required in the future.

Non-Public-private partnership roading claims

There are a number of other roading claims (non public-private partnerships (PPP)), totalling approximately \$114 million, that have also been received by Waka Kotahi and are currently being validated.

The Ministry on behalf of the Crown has no other contingent liabilities (2021/22: \$nil).

Contingent assets

The Ministry had no contingent assets held on behalf of the Crown as the balance date (2021/22: \$nil).

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 2023

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 registration fees and Clean Car Discount fees are recognised on an accrual basis. Revenues from tolling and infringement fees are recognised on a cash basis.

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
1,832,343	Road user charges	1,399,334	1,866,212	1,351,153
7,234	Track user charges	14,974	7,500	7,500
234,221	Motor vehicle registration fees	236,056	234,182	234,804
2,073,798	Sub-total	1,650,364	2,107,894	1,593,457
(59,976)	Fuel excise duty refunds	(68,051)	(66,739)	(65,655)
2,013,822	Total indirect taxation	1,582,313	2,041,155	1,527,802

Note 3: Other 'Sovereign Power' Revenue

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
24,966	Clean Car Discount Fee	169,134	131,687	184,431
-	Clean Car Standard Fee	1,619	-	-
97	Infringement fees – tolls and other	155	1,300	1,300
25,063	Total other 'sovereign power' revenue	170,753	132,987	185,731

FINANCIAL PERFORMANCE

Note 4: Other Operational Revenue

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
9,572	Tolling revenue (note 10)	10,762	8,400	8,400
536	Road user charges administration fees	459	360	360
151,254	Revenue from vesting of assets from City Rail Link Limited	125,567	-	150,000
161,362	Total other operational revenue	136,788	8,760	158,760

Note 5: Non-Departmental Output Classes

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
3,712,540	This expense item is equal to the appropriations for non-departmental output classes listed in the appropriation statements	4,824,200	4,119,586	4,707,784
3,712,540	Total non-departmental output classes	4,824,200	4,119,586	4,707,784

Note 6: Other Expenses to be Incurred by the Crown

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
586,653	This expense item is equal to the appropriations for non-departmental other expenses listed in the appropriation statements, less bad debts	532,569	317,409	934,012
586,653	Total other expenses to be incurred by the Crown	532,569	317,409	934,012

FINANCIAL PERFORMANCE

Note 7: Receivables

Accounting policy

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

Short-term receivables are written off when there are no reasonable expectations of recovery. Indicators that there are no reasonable expectations of recovery include the receivable being more than one year overdue.

Breakdown of receivables and further information

	2022 Actual \$000	2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
Non-exchange revenue				
24,448	Motor vehicle registration fees	65,971	26,786	24,448
43,910	Road user charge revenue	45,093	59,278	43,910
2,767	Track user charges	3,560	-	2,767
5,231	Clean Car Discount Fees	16,240	-	5,231
-	Clean Car Standard scheme	13	-	-
10,035	Output funding receivable from Waka Kotahi NZ Transport Agency	159,982	-	-
-	Output funding receivable from Civil Aviation Authority	3,034	-	-
86,391	Total non-exchange revenue receivables	293,893	86,064	76,356
Exchange revenue				
2,707	Tolling revenue	2,681	-	2,707
2,707	Total exchange revenue receivables	2,681	-	2,707
89,098	Sub-total	296,573	86,064	79,063
(32,760)	Provision for doubtful debts	(32,955)	(46,906)	(32,760)
56,339	Total receivables	263,618	39,158	46,303

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 no significant movement in the Road User Charges receivable balance at the end of the current financial period (2023: \$48.653 million) compared to last financial year (2022: \$46.677 million) mainly because the Road User Charge bad debt has been written off consistently throughout the two periods being debt aged over twelve months referred to debt collection.

FINANCIAL PERFORMANCE

Motor Vehicle Registration Fees receivables represent fees collected mainly via the agents network and they are current i.e. not past due. The increase in current year end balance compared to the prior period is because of the timing of the agents' pay overs.

The ageing profile of receivables is shown below.

2021/2022				2022/2023		
Gross \$000	Impairment \$000	Net \$000		Gross \$000	Impairment \$000	Net \$000
53,338	3,174	50,165	Not past due	258,806	2,923	255,883
3,277	1,865	1,412	Past due 1-30 days	4,208	2,446	1,762
3,047	2,142	905	Past due 31-60 days	2,777	1,858	919
6,810	5,667	1,143	Past due 61-90 days	7,454	6,090	1,363
22,626	19,912	2,714	Past due > 90 days	22,927	19,638	3,288
89,098	32,760	56,339	Total	296,172	32,955	263,217

The expected credit loss rates for receivables at 30 June 2023 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 2023 was determined as follows:

30 June 2023	Receivable days past due					Total
	Current	More than 30 days	More than 60 days	More than 90 days	More than 180 days	
Expected credit loss rate	1.13%	58.12%	66.90%	81.71%	85.66%	11.13%
Gross carrying amount (\$000)	258,806	4,208	2,777	7,454	22,927	296,172
Lifetime expected credit loss (\$000)	2,923	2,446	1,858	6,090	19,638	32,955

A sensitivity analysis of increases in the expected credit losses due to 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	10% increase	15% increase	20% increase	30% increase
Not past due	2,923	3,167	3,289	3,411	3,656
Past due 1-30 Days	2,446	2,659	2,766	2,873	3,086
Past due 31-60 days	1,858	2,028	2,114	2,199	2,370
Past due 61-90 days	6,090	6,473	7,315	7,446	7,446
Past due over 90 days	19,638	19,638	22,816	22,816	22,816
Total	32,955	33,966	38,300	38,746	39,375
Movement		1,011	5,345	5,791	6,420
Percentage of movement		3%	16%	18%	19%

FINANCIAL PERFORMANCE

Note 8: Investment in Joint Ventures

2022 Actual \$000		2023 Actual \$000
16,489	Joint Venture airports	16,753
1,133,485	City Rail Link Limited	1,460,751
1,149,973	Total investment in joint ventures	1,477,503

Joint Venture Airports

2022 Actual \$000		2023 Actual \$000
(548)	Gains/(losses) generated by joint ventures	-
(548)	Share of net asset increase/(decrease) in joint ventures	-
1,453	Capital payments made during the year	264
905	Total change in investment value	264

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 percent 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 2023 is based on the annual financial statements of each airport for the year ended 30 June 2022, plus capital contributions from the Crown during the year ended 30 June 2023.

City Rail Link Limited

2022 Actual \$000		2023 Actual \$000
(197,913)	Gains/(losses) generated by joint ventures	(127,234)
(197,913)	Share of net asset increase/(decrease) in joint ventures	(127,234)
428,000	Capital payments made during the year	454,500
230,087	Total change in investment value	327,266

City Rail Link Limited (CRL) is a jointly controlled Crown Entity company, co-funded by the Government with Auckland Council, set up to design and construct the Auckland City Rail Link (an underground rail line between the city centre and the existing western line).

For the year ended 30 June 2023, CRL recognised revenue of \$6 million (2022: \$1.4 million), a deficit of \$256 million (2022: \$396 million), assets of \$2,992 million (2022 \$2,346 million), liabilities of \$72 million (2022: \$79 million) and equity of \$2,920 million (2022: \$2,267 million).

The Government's share of CRL commitments excluding claims is \$338 million (2022: \$470 million). The decrease in commitments in 2023 is due to the completion of capital works during the year. During the year, a further \$557 million of funding was committed by the Government due to cost escalations in the project.

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 2023. 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

2022 Actual \$000		2023 Actual \$000
158,000	Funding provided for construction	158,000
161,626	Notional interest charged since funding first drawn	167,420
(115,437)	Tolling revenue since February 2009	(126,199)
204,189	Balance at 30 June	199,221

Current Year

2022 Actual \$000		2023 Actual \$000
207,838	Balance at 1 July	204,189
5,923	Notional interest charge for the year	5,794
(9,572)	Tolling revenue for the year	(10,762)
204,189	Balance at 30 June	199,221

FINANCIAL PERFORMANCE**Note 10: Payables****Accounting policy**

Short-term payables are recorded at the amount payable.

Breakdown of payables and further information

2022 Actual \$000		2023 Actual \$000	2023 Forecast \$000	2024 Forecast \$000
522,594	National Land Transport Fund revenue and output funding payable to Waka Kotahi NZ Transport Agency	841,532	400,000	500,000
16,656	GST payable	31,439	25,794	16,656
13,867	Motor vehicle registration third party collections	19,166	15,032	17,741
32,585	Output funding payable to KiwiRail	58,322	21,379	50,000
3,532	Road user charges refunds	3,541	3,829	4,519
2,075	Output funding payable to Maritime New Zealand	3,244	-	-
2,655	Output funding payable to Civil Aviation Authority	2,450	-	-
-	Output funding payable to Auckland Light Rail	34,092	-	-
24,147	Output funding payable to Air New Zealand	-	-	-
-	Output funding payable to City Rail Link Limited	487	-	-
5,712	Output funding payable to other parties	2,421	-	-
623,823	Total payables	996,694	466,034	588,916

Note 11: Financial Instruments

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

2022 Actual \$000		2023 Actual \$000
Financial assets measured at amortised cost		
67,625	Cash and cash equivalents	77,636
17,973	Receivables and advances	181,949
85,598	Total loans and receivables	259,585
Financial liabilities measured at amortised cost		
589,768	Payables	942,548
589,768	Total financial liabilities measured at amortised cost	942,548

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 2022/23 budget figures are as follows:

Schedule of non-departmental revenue and receipts

Total revenue and receipts were \$421 million lower than originally budgeted. Road User Charge revenue was \$467 million lower than budgeted due to the ongoing temporary reductions in the Road User Charge (by 36%) as part of the response to cost of living pressures from May 2022 to June 2023.

There was also the recognition of the Crown's share of City Rail Link Limited's losses of 127 million, which was not budgeted for. The losses made by City Rail Link Limited primarily relate 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 (\$126 million)
- revenue from the charge introduced on higher emitting vehicles through the Clean Vehicle Discount scheme (\$37 million); and
- higher than budgeted truck user charges (\$7 million).

Schedule of non-departmental expenses

Non-departmental expenses were \$939 million higher than originally budgeted. This is largely due to a number of new transport initiatives and extensions of initiatives approved subsequent to the Budget being finalised. In particular:

- extensions to support the National Land Transport Fund due to decisions to provide temporary reductions to Road User Charge, Fuel Excise Duty and Public Transport Fares as a response to increased costs of living
- funding to support the Clean Car Discount scheme rebates

- funding transferred from Departmental appropriation to support the Auckland Light Rail detailed planning phase; and
- funding to cover cost pressures on the National Land Transport Fund following Cyclone Gabrielle.

These increases were offset by lower expenditure on:

- Mode-shift third-party projects and activities.

Schedule of non-departmental assets

The Crown's investment in joint ventures was \$450 million lower than budgeted. This was primarily due to a \$455 million contribution from the Crown to City Rail Link Limited, when the budget was based on a \$528 million contribution. This has primarily been driven by ongoing supply chain challenges for material and skilled labour required for the project. There was also the recognition of the Crown's share of City Rail Link Limited's losses of \$127 million, which was not budgeted for. The losses made by City Rail Link Limited primarily relate to the vesting of assets associated with the City Rail Link project to Auckland Transport and KiwiRail.

Receivables were \$224 million higher than originally budgeted primarily due to Motor Vehicle Charges and Clean Car Discount Fees trade debtors being higher than planned.

Schedule of non-departmental liabilities

Non-departmental liabilities were \$531 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**Note 13: Events after Balance Sheet Date**

In August 2023, the City Rail Link Sponsors executed a Variation to the Amended and Restated Project Delivery Agreement (PDA) reflecting the new total project cost of \$5,493bn and revised Practical Completion date of November 2025. Relatedly City Rail Link Limited and the Link Alliance also executed in August 2023, a PAA Variation Agreement reflecting the revised contract value and Practical Completion date for C3, C5 and C7 works.

Effective 25 August 2023, City Rail Link Limited and KiwiRail Holdings Limited (KiwiRail) signed a Variance of Funding Agreement for additional C9 stages 4-6 track works at Briomart East. The Variation resulted in a new funding requirement of \$80.6m versus the previous funding agreement for \$71.4m. These works are due to be completed by June 2024.

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 2023.

Annual and permanent appropriations for Vote Transport

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
	Departmental Output Expenses				
-	Auckland Light Rail Unit MYA	7,442	68,023	10,000	1
3,969	Search and Rescue Activity Coordination PLA	5,466	6,094	5,863	1
1,302	Search and Rescue Training and Training Coordination	1,194	1,300	1,587	1
54,918	Transport – Policy advice, ministerial servicing, governance, and other functions	60,735	67,147	66,238	1
60,189	Total departmental output expenses	74,837	142,564	83,688	
	Departmental Capital Expenditure				
53	Ministry of Transport – Capital Expenditure PLA	-	250	250	1
53	Total departmental capital expenditure	-	250	250	

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
	Non-departmental output expenses				
7,247	Accident or Incident Investigation and Reporting	7,247	7,247	7,247	2
149	Administration of the Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme	179	179	272	4
-	- Auckland Light Rail – Detailed Planning Phase	76,762	-	82,302	11
-	- Civil Aviation and Maritime Security Services	3,422	2,624	3,422	4
1,919	Clean Car Standard – Operation	11,179	11,870	14,908	3
-	- Clean Vehicle Discount Scheme – Administration (MYA Expense)	-	8,000	-	6
488	Clean Vehicle Discount Administration Costs PLA	4,598	8,000	8,000	3
-	- Cyclone Gabrielle-NLTF Opex Pressure Funding	250,000	-	250,000	3
410,949	Funding for Temporary Decreases in Fuel Excise Duty, Road User Charges, Public Transport Fares and Railway Track User Charges MYA	1,554,019	322,100	1,618,781	3
1,201	Health and Safety at Work Activities – Civil Aviation	1,201	1,201	1,201	4
6,194	Health and Safety at Work Activities – Maritime	10,544	10,544	10,544	5
3,119	Land Transport Regulatory Services	5,269	8,173	6,773	3
9,246	Maritime Regulatory and Response Services	9,299	11,199	9,299	5
2,779,212	National Land Transport Programme PLA	2,121,549	2,986,543	1,806,799	3
-	- National Land Transport Programme Additional Crown Funding (2021-2024) MYA	140,000	-	140,000	3

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
127,053	Protection of Transport Sector Agency Core Functions MYA	71,576	149,483	123,678	4,5
7,700	Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Functions MYA	-	-	-	3
-	Public Transport Bus Decarbonisation MYA	529	4,290	4,290	3
2,567	Rail – Grants	-	-	-	6,7
10,587	Rail – Maintaining an Electric Locomotive Fleet MYA	-	-	-	7
286,605	Rail – Maintenance and Renewal of the Rail Network	-	-	-	6,7
-	Rail Grants – MYA	30,625	56,749	41,884	6,7
-	Rail – Maintenance and Renewal of the Rail Network MYA	455,456	471,329	496,579	6,7
-	Retaining and Recruiting Bus Drivers	2,933	-	13,000	3
4,986	Road User Charges Investigation and Enforcement	6,986	6,986	6,986	3
3,156	Road User Charges Refunds	3,120	3,120	3,120	3
24,539	Search and Rescue and Recreational Boating Safety Activities PLA	26,633	24,225	27,175	6
-	Social Leasing Scheme Trial (M72) (A26)	1,500	-	1,950	3
-	Waka Kotahi Regulatory Functions PLA	3,850	-	3,850	3
25,623	Weather Forecasts and Warnings	25,724	25,724	25,724	6
3,712,538	Total non-departmental output expenses	4,824,200	4,119,586	4,707,784	

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
	Non-departmental other expenses				
2,418	Auckland City Rail Link – Operating MYA	2,904	4,656	3,019	6,7
1,065	Auckland City Rail Link Targeted Hardship Fund MYA	1,730	1,800	2,142	9
1,395	Automatic Dependent Surveillance- Broadcast Transponders Rebate Scheme MYA	2,896	3,909	7,778	4
-	Bad Debt Provision – Land Transport Revenue collected by Waka Kotahi NZ Transport Agency	14,935	-	18,000	3
24,771	Bad Debt Provision – Motor Vehicle Registration/Licences and Road User Charges	-	4,000	-	3
110,828	Clean Car Discount – Administration MYA	-	-	-	6
-	Clean Car Discount Scheme – Rebates MYA	167,163	10,000	287,172	6
14,351	Clean Vehicle Discount Rebates PLA	174,660	123,687	176,431	6
2,166	Community Connect Programme	-	-	-	3
-	Eastern Busway Project	30,614	-	200,000	3
-	Housing Infrastructure Fund – Fair Value Write Down	-	-	22,419	6
-	KiwiRail Holidays Act Remediation	1,129	1,129	1,129	7

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
295	Maintaining Airfreight Capacity	-	-	-	6
8,970	Maintaining Essential Transport Connectivity MYA	3,312	-	3,671	6
418,106	Maintaining international air services MYA	122,575	154,400	203,873	6
828	Membership of International Organisations	828	863	863	8
3,770	Rail – Railway Safety and Public Policy Projects	-	-	-	7
180	Recreational Aviation Safety Activities PLA	230	320	370	6
5,634	Shovel ready project funding – Rail	-	-	-	7
-	Supporting a Chatham Islands Replacement Ship	5,471	-	6,000	6
-	Transport Connectivity with Isolated Communities	2,411	-	2,500	6
1,500	Waka Kotahi NZ Transport Agency Palmerston North Premises	1,500	1,500	1,500	3
15,145	Water Search, Rescue and Safety Frontline Services	15,145	15,145	15,145	6
611,424	Total non-departmental other expenses	547,504	321,409	952,012	

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
	Non-departmental capital expenditure				
428,000	Auckland City Rail Link MYA	454,500	528,000	472,000	9
-	- Auckland Light Rail Limited – Capital Injection	25,414	-	25,698	11
-	- Auckland Light Rail Strategic Land Acquisition	-	-	38,400	11
-	- Capital Investment Package – Funding for Crown Assets MYA	477,880	790,510	653,837	3
319,617	Capital Investment Package – Roads, Walking and Cycling	-	-	-	3
3,740	Civil Aviation Authority – Capital Injection MYA	20,471	53,561	49,408	4
3,794	Clean Car Standard – Capital	10,915	7,130	11,426	3
3,218	Clean Vehicle Discount Scheme – capital investment in Waka Kotahi NZ Transport Agency	-	-	500	3
39,000	Housing Infrastructure Fund Loans MYA	28,500	264,000	81,450	3
1,453	Joint Venture Airports – Crown Contribution MYA	264	2,989	7,830	6
-	- Maritime New Zealand – Capital Injection	800	1,000	1,000	5
181	Maritime New Zealand Capital Expenditure PLA	150	105	205	5
561,269	National Land Transport Programme Capital PLA	285,640	360,720	560,260	3
200,000	National Land Transport Programme Loan 2021 – 2024 MYA	300,000	645,000	740,000	3
-	- Ngauranga to Petone Shared Pathway Project	21,214	-	80,000	3
-	- NLTF Borrowing Facility for Short-Term Advances	500,000	750,000	750,000	3
4	Rail – KiwiRail Equity Injection	-	26,200	4,960	6,7
151,254	Rail – KiwiRail Equity Injection for Transfer of Auckland City Rail Link Assets	125,567	-	150,000	6,7
613,757	Rail – KiwiRail Holdings Limited	723,371	869,003	767,372	6,7
25,415	Rail – New Zealand Railways Corporation Equity Injection MYA	12,284	78,000	52,550	6,10
26,816	Regional State Highways MYA	11,295	22,165	22,293	3
25,000	Waka Kotahi NZ Transport Agency Regulatory Loans MYA	9,000	21,000	30,000	3
2,402,518	Total non-departmental capital expenditure	3,007,265	4,419,383	4,499,189	

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
	Multi category appropriations (MCA)				
6,310	Capital Investment Package – Operating MCA	-	-	2,000	3
	Non-Departmental Output Expenses				
6,310	Operating costs	-	-	1,950	
	Non-Departmental Other Expenses				
-	Third party projects	-	-	50	
2,624	Civil Aviation and Maritime Security Services MCA	-	-	-	4
	Non-Departmental Output Expenses				
1,924	Civil Aviation and Maritime Security Services	-	-	-	
	Non-Departmental Other Expenses				
700	Improving Safety in the Aviation Sector	-	-	-	
-	Clean Car Upgrade MCA	1,204	-	1,726	3
	Non-Departmental Output Expenses				
-	Administration of the Clean Car Upgrade	1,204	-	1,676	
	Non-Departmental Other Expenses				
-	Clean Car Upgrade – Grants	-	-	50	
-	Community Connect Programme MCA	5,272	24,777	8,459	3
	Non-departmental output expenses				
-	Administration of the Community Connect Programme	3,257	528	5,807	
	Non-departmental other expenses				
-	Community Connect Programme – Public Transport Concessions	1,014	24,249	1,652	
-	Total Mobility Scheme Local Share Funding Shortfall	1,000	-	1,000	

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
127,652	COVID-19 – NLTF Funding for Cost Pressures and Revenue Shocks MCA	17,563	3,000	85,333	3
	Non-Departmental Output Expenses				
127,652	COVID-19 – NLTF Operating Cost Pressure and Revenue Shortfall Funding	17,563	2,990	83,333	
	Non-Departmental Capital Expenditure				
-	COVID-19 – NLTF Capital Cost Pressure Funding	-	10	1,000	
-	Equity Injection to Waka Kotahi NZ Transport Agency	-	-	1,000	
	- Mode-Shift – Planning, Infrastructure, Services, and Activities MCA	15,606	109,000	67,000	3
	Non-Departmental Output Expenses				
-	Mode-Shift – Operating Costs	4,732	22,000	22,000	
	Non-Departmental Other Expenses				
-	Mode-Shift – Third-Party Projects & Activities	10,874	86,000	45,000	
	Non-Departmental Capital Expenditure				
-	Mode-shift Crown Assets	-	1,000	-	
1,735	Reinstatement of the South Island Transport Corridors MCA	4,268	3,782	5,575	3
	Non-Departmental Output Expenses				
1,483	Restoration of State Highway 1 between Picton and Christchurch	4,268	3,451	5,144	
	Non-Departmental Capital Expenditure				
253	Rebuild of State Highway 1 between Picton and Christchurch	-	331	431	

FINANCIAL PERFORMANCE

2022 Actual \$000	Appropriation title	2023 Actual \$000	2023 Budget \$000	2023 Forecast \$000	End-of-year performance information location*
30,417	SuperGold Card Enhanced Public Transport Concessions Scheme MCA	33,700	33,156	36,116	3
	Non-Departmental Output Expenses				
95	Administration of the Public Transport Concessions Scheme	95	95	95	
	Non-Departmental Other Expenses				
30,322	Public Transport Concessions for Cardholders	33,605	33,061	36,021	
98,320	Tuawhenua Provincial Growth Fund – Transport Projects MCA	30,203	53,156	36,435	1,3,7
	Non-Departmental Output Expenses				
1,637	Supporting Regional and Infrastructure Projects	969	1,000	984	
	Non-Departmental Other Expenses				
54,993	Enabling Infrastructure Projects	11,138	15,000	9,831	
4,718	Regional Projects and Capability	-	-	-	
	Non-Departmental Capital Expenditure				
11,230	Infrastructure Projects	12,691	26,556	20,170	
25,743	Rail Projects	5,405	10,600	5,450	
267,058	Total multi category appropriations	107,817	226,871	242,644	

*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 NZ 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
11. Auckland Light Rail Limited

**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	189,465
Auckland Light Rail – Detailed Planning Phase	1 October 2022	30 June 2025	-
Clean Vehicle Discount Scheme – Administration	1 July 2022	30 June 2027	40,000
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	653,600
National Land Transport Programme Additional Crown Funding (2021-2024) MYA	11 April 2023	30 June 2025	-
Protection of Transport Sector Agency Core Functions MYA	1 April 2020	30 June 2024	431,392
Public Transport Bus Decarbonisation MYA	1 July 2022	30 June 2027	54,340
Rail Grants – MYA	1 July 2022	30 June 2027	109,156
Rail – Maintaining an Electric Locomotive Fleet MYA	1 July 2020	30 June 2025	12,336
Rail – Maintenance and Renewal of the Rail Network MYA	1 July 2022	30 June 2025	1,303,908
Retaining and Recruiting Bus Drivers	1 September 2022	30 June 2027	-
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	6,000
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	136,200
Clean Car Discount Scheme – Rebates MYA	1 July 2022	30 June 2027	121,800
Maintaining Essential Transport Connectivity MYA	11 May 2020	30 June 2023	22,525
Maintaining international air services MYA	1 May 2021	30 June 2023	670,000
Auckland City Rail Link MYA	1 July 2020	30 June 2025	1,696,147
Auckland Light Rail Strategic Land Acquisition	12 December 2022	30 June 2026	-
Capital Investment Package – Funding for Crown Assets MYA	1 July 2022	30 June 2027	3,782,380
Civil Aviation Authority – Capital Injection MYA	1 July 2021	30 June 2026	113,219
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	11,760
National Land Transport Programme Loan 2021 – 2024 MYA	1 December 2021	30 June 2025	2,000,000
Rail – New Zealand Railways Corporation Equity Injection MYA	1 April 2020	30 June 2024	238,064
Regional State Highways MYA	1 July 2020	30 June 2025	119,953
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 2022 \$000	Current year expenses \$000	Cumulative expenses to 30 June 2023 \$000	Balance of appropriation remaining at 30 June 2023 \$000
(179,465)	10,000	-	7,442	7,442	2,558
153,465	153,465	-	76,762	76,762	76,703
(40,000)	-	-	-	-	-
1,376,131	2,029,731	410,949	1,554,019	1,964,968	64,763
200,673	200,673	-	140,000	140,000	60,673
32,950	464,342	243,096	71,576	314,672	149,670
-	54,340	-	529	529	53,811
17,812	126,968	-	30,625	30,625	96,343
(325)	12,011	12,011	-	12,011	-
134,387	1,438,295	-	455,456	455,456	982,839
110,300	110,300	-	2,933	2,933	107,367
6,870	19,080	3,064	2,904	5,969	13,111
-	6,000	1,065	1,730	2,795	3,205
-	11,750	3,972	2,896	6,869	4,881
(25,372)	110,828	110,828	-	110,828	-
165,372	287,172	-	167,163	167,163	120,009
(2,500)	20,025	16,354	3,312	19,666	359
-	670,000	466,126	122,575	588,701	81,299
557,000	2,253,147	823,000	454,500	1,277,500	975,647
131,000	131,000	-	-	-	131,000
585,220	4,367,600	-	477,880	477,880	3,889,720
-	113,219	3,740	20,471	24,211	89,008
(220,050)	136,950	55,500	28,500	84,000	52,950
-	11,760	3,930	264	4,194	7,566
-	2,000,000	200,000	300,000	500,000	1,500,000
(96,000)	142,064	59,176	12,284	71,460	70,604
(4,000)	115,953	89,660	11,295	100,955	14,998
-	95,000	51,000	9,000	60,000	35,000

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 2023

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 2023

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 2023

The Ministry has not received any capital injections during the year without, or in excess of, authority (2022:Nil).

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 2023

The Auditor-General is the auditor of the Ministry of Transport (the Ministry). The Auditor-General has appointed me, Clint Ramoo, 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 102 to 125, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information for the appropriations administered by the Ministry for the year ended 30 June 2023 on pages 32 to 63 and 72 to 95; and
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2023 on pages 139 to 150; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 126 to 138 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2023;
 - the schedules of expenses; and revenue for the year ended 30 June 2023;
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 for the appropriations administered by the Ministry for the year ended 30 June 2023:
 - presents fairly, in all material respects:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry are presented, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown 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 2023; and
 - expenses; and revenue for the year ended 30 June 2023.

Our audit was completed on 2 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the 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 matter – 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. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 57 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.
- 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 2022/23 and the 2022/23 forecast financial figures included in the Ministry's 2021/22 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 for the appropriations administered by the Ministry.
- 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 31, 64 to 71, 96 to 101 and 151 to 178, 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 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.

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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2023 and subsequently, the External member of the Audit and Risk Committee of the Ministry is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Ministry.

In addition to the audit, we have carried out an assurance engagement over the procurement of a feasibility study to develop Manukau Harbour during the year which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the Ministry.



Clint Ramoo

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Te ripoata tāpiritanga korenga ā te tari kōhaki | Report on additional non-departmental appropriations



Te ripoata tāpiritanga korenga ā te tari kōhaki | Report on additional non-departmental appropriations

For the year ended 30 June 2023

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 MYA
- 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 Vehicle Discount Rebates PLA
- Clean Vehicle Discount Scheme – Rebates
- Housing Infrastructure Fund – Fair Value Write Down
- KiwiRail Holidays Act Remediation
- Maintaining Essential Transport Connectivity
- Maintaining international air services
- Recreational Aviation Safety Activities PLA
- Supporting a Chatham Islands Replacement Ship
- Transport Connectivity with Isolated Communities
- 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 David Parker
Minister of Transport

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Ngā utu korenga pūngao ruihiā te tari | Non- departmental output expense

Rail – Grants MYA

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

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
2,567	Non-departmental output expenses: Rail – Grants	-	-	-

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
Not Achieved ¹ 75%	Work is carried out on establishing a local wagon assembly plant in Dunedin in line with the agreed outcomes	Achieved	Achieved
50% ¹	Work is carried out on maintaining the existing electric locomotive fleet in line with the agreed outcomes	100%	100%
Achieved ¹	A safer railway system and public policy projects are carried out in line with the programme	Achieved	Achieved

1. These performance indicators have been carried forward from the previous three rail appropriations relating to non-commercial rail activities, which this appropriation has replaced.

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

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.

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
286,605	Non-departmental output expenses: Rail – Maintenance and Renewal of the Rail Network	455,456	471,329	496,579

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
80%	Work is carried out as per the agreed programme	92% ¹	100%

1. Work carried out was lower than budgeted due to capacity constraints in part caused by the reallocation of resources to North Island weather events recovery works.

REPORT ON ADDITIONAL NON-DEPARTMENTAL 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 and Marlborough-Nelson Marine Radio Association. 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	16,069
Annual funding under a service-level agreement	
Coastguard New Zealand	5,607
New Zealand Land Search & Rescue Inc.	2,661
Surf Life Saving New Zealand	1,378
Amateur Radio Emergency Communications	486
Mountain Safety Council	389
Marlborough-Nelson Marine Radio Association	43
Total	26,633

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
24,539	Non-departmental output expenses: Search and Rescue and Recreational Boating Safety Activities PLA	26,633	24,225	27,175

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 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:		
99%	Provision of appropriate search and rescue services to coordination authorities on request	99%	100%
79%	Achieving the agreed search and rescue services initiative milestones	86%	100%
100%	Provision of agreed New Zealand avalanche hazard advisory services	100%	100%

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
25,623	Non-departmental output expenses: Weather Forecasts and Warnings	25,724	25,724	25,724

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
As per contract	Provision of agreed services	As per contract	As per contract
95%	Minimum percentage of forecasts of severe-weather events which successfully predicted the event (probability of detection)	91%	Greater than 90%
18%	Maximum percentage of forecasts of severe-weather events which are subsequently found to be false alarms (false alarm ratio)	11%	Less than 15%

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Ngā pūtea me ētahi atu utu korenga ā te tari | Non-departmental other expenses

Auckland City Rail Link – Operating

This appropriation is intended to achieve successful operational readiness for KiwiRail when the City Rail Link is opened.

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
2,418	Non-departmental other expenses: Auckland City Rail Link – Operating	2,904	4,656	3,019

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
100%	Work is carried out as per the agreed programme	73% ¹	100%

1. Eight out of eleven milestones were delivered. Link Alliance has released a target programme (TAP7) delaying much of the work and practical completions. This has affected some of the Be Ready milestones. Lifecycle Management Plans delayed acknowledging it will continue to be developed alongside the final version of the Asset Management Plan.

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 000	Forecast 2023 \$000
14,351	Non-departmental other expenses: Clean Vehicle Discount Rebates PLA	174,660	123,687	176,431

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
13.6%	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	18%	15%
7.2%	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	13%	9%

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**Clean Vehicle Discount Scheme – Rebates**

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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
110,828	Non-departmental other expenses: Clean Vehicle Discount Rebates	167,163	10,000	287,172

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
13.6%	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	18%	15%
7.2%	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	13%	9%

REPORT ON ADDITIONAL NON-DEPARTMENTAL 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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
-	Non departmental other expenses: Housing Infrastructure Fund – Fair Value Write Down	-	-	22,419

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
Not applicable ¹	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 ²	Not applicable ³	Achieved

1. There were no loans issued in 2021/22.

2. There was no performance measure for this appropriation in the 2022/23 Estimates or Supplementary Estimates. The performance measure reported on is the same as that in the Estimates 2021/22.

3. There were no loans issued in 2022/23.

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

KiwiRail Holidays Act Remediation

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

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
-	Non-departmental other expenses: KiwiRail Holidays Act Remediation	1,129	1,129	1,129

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
-	Remediation payments are made for non-compliance with the Holidays Act 2003	Achieved	Achieved

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
8,970	Non-departmental other expenses: Maintaining Essential Transport Connectivity	3,312	-	3,671

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
84%	Percentage of funds contracted by the end of the year	95% ¹	20% or more

1. There was no performance measure for this appropriation in the 2022/23 Estimates or Supplementary Estimates. The performance measure reported on is the same as that in the Estimates 2021/22.

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
418,106	Non-departmental other expenses: Maintaining International Air Services	122,575	154,400	203,873

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
Within one month	Passenger connections to key destinations, including the Pacific, are available	Within one month	Within one month
89%	Weight of airfreight outbound as percentage of pre-COVID levels (2019 vs now)	86%	80%
90%	Weight of airfreight inbound as a percentage of pre-COVID levels (2019 vs now)	83%	80%

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
180	Non-departmental other expenses: Recreational Aviation Safety Activities	230	320	370

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
17	Number of uncontrolled aerodromes/instrument flight procedures covered by the instrument flight procedures maintenance programme ¹	20	20 or more
New measure	Instrument flight procedures safety case review completed ²	Achieved	Achieved

1. The budget standard has increased in 2022/23 as it will be the second year of funding for this programme and more uncontrolled aerodromes/instrument flight procedures are expected to be covered by the programme.

2. This is a new performance indicator that is specific to activities expected to be undertaken in 2022/23 only.

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**Supporting a Chatham Islands Replacement Ship**

This appropriation is intended to achieve the maintenance (known as a Special Survey) of the existing Chatham Islands vessel, the Southern Tiare, such that it can continue servicing the Islands for the next 2-3 years, and also used to procure a replacement vessel for the Islands by the time the Southern Tiare is due for retirement.

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
-	Non-departmental other expenses: Supporting a Chatham Islands Replacement Ship	5,471	-	6,000

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
New measure	Maintenance of the Southern Tiare complete ¹	100%	100%

1. This measure was selected to reflect the current project delivery stage being the maintenance of the existing vessel.

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**Transport Connectivity with Isolated Communities**

This appropriation is intended to ensure that funding is available to support transport operators who deliver transport services with isolated communities, where those transport services are at risk due to low passenger demand or other factors outside of the transport operators' control.

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
-	Non-departmental other expenses: Transport Connectivity with Isolated Communities	2,411	-	2,500

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
New measure	Availability of supported services compared to October 2022	100%	80%

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
15,145	Non-departmental other expenses: Water Search, Rescue and Safety Frontline Services	15,145	15,145	15,145

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
96%	Achievement of the agreed water safety services service level agreements initiative milestones	97%	100%

REPORT ON ADDITIONAL NON-DEPARTMENTAL 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

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
1,453	Non-departmental capital expenditure: Joint Venture Airports – Crown Contribution	264	2,989	7,830

Assessment of overall performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
100%	Percentage of compliance with the joint venture	100%	100%

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**Rail – KiwiRail Equity Injection**

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

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
4	Non-departmental capital expenditure: Rail – KiwiRail Equity Injection	-	26,200	4,960

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
0%	Property transactions are carried out in line with agreed outcomes	0% ¹	100%

1. Property transactions are difficult to forecast as it can be very difficult to predict when/if an agreement will be signed and then settle. If a settlement does not occur in a particular year, then it is likely that it will move into the following year. Performance reflects the change in focus away from land disposals to land acquisitions for big projects. As most disposals are now driven by third party requirements (other public works) an allowance must be made for unknown requirements each year.

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.

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
151,254	Non-departmental capital expenditure: Rail – KiwiRail Equity Injection for Transfer of Auckland City Rail Link Assets	125,567	-	150,000

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
Achieved	Auckland City Rail Link assets transferred to KiwiRail Holdings Limited ¹	Achieved	Achieved

1. This performance measure is unchanged from the 2021/22 year but is presented here as it was not reflected in the Information Supporting the Estimates for 2022/23. This performance measure has been selected as it measures the key outcome that this appropriation is intended to achieve.

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

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.

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
613,757	Non-departmental capital expenditure: Rail – KiwiRail Holdings Limited	723,371	869,003	767,372

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
100%	Capital is invested in the New Zealand rail system as approved by shareholding Ministers	94%	100%

REPORT ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS**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. This appropriation is not cash from the Crown but reflects an increase in New Zealand Railways Corporation equity due to property purchases funded by KiwiRail Holdings Limited.

Financial performance

Actual 2022 \$000	Performance measures	Actual 2023 \$000	Budget 2023 \$000	Forecast 2023 \$000
25,415	Non-departmental capital expenditure: Rail – New Zealand Railways Corporation Equity Injection	12,284	78,000	52,550

Assessment of performance

2022 Actual	Performance measures	2023 Actual	2023 Standards/ Targets
31%	Property transactions are carried out in line with agreed outcomes	23% ¹	100%

1. Property transactions are difficult to forecast as it can be very difficult to predict the likely value, and when/if an agreement will be signed and then settle. If a settlement does not occur in a particular year, then it is likely that it will move into the following year. Performance reflects the change in focus away from land disposals to land acquisitions for big projects. An allowance must be made for higher than expected land purchase prices also.

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