




Pūrongo ā tau
2020 – 2021 | **Annual**
Report 2020 – 2021



A night landscape photograph featuring a clear, star-filled sky with the Milky Way visible. In the foreground, there is a body of water reflecting the stars and the surrounding dark, silty 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

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UARA OUR VALUES



WHAKAPAKARI
IMPROVING OUTCOMES



AKO
CAPABILITY DEVELOPMENT



MAHI TAHI
WORKING TOGETHER



RANGATIRATANGA
EMPOWERING
AND LEADING



KAITIAKITANGA
GUARDIANSHIP AND
PROTECTION



WHANAUNGATANGA
COLLABORATION
AND UNITY



MANAAKITANGA
CARING FOR AND
VALUING OTHERS

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INTRODUCTION

Te whakataki ā Te Tumuwhakarae | Chief Executive's introduction

Tēnā koutou katoa.

Our transport system has a fundamental purpose to enable New Zealanders to flourish, by improving people's wellbeing, the liveability of places, and enabling social and economic growth.

Through our work Te Manatū Waka has continued to strive for a safe and well functioning transport system for all New Zealanders.

The past year has presented challenges for the transport industry as COVID-19 continues to cast a shadow over us. In responding to these challenges, I am proud of the way that we have worked with the sector in our role as transport system stewards for the people of New Zealand.

I am also proud of the work the Ministry has done developing Hei Arataki, our Māori Strategy, which sets the direction to improve transport outcomes for Māori by identifying issues and opportunities in both our policy design and delivery. This Strategy acknowledges that New Zealanders are not flourishing if Māori are not flourishing while reflecting our obligations to Te Tiriti o Waitangi. In developing the Strategy, our Māori Strategy Working Group engaged with the Ministry, Iwi and other government stakeholders. Pleasingly, I'm now seeing outcomes guided by the Strategy represented in our work daily.

Over the past 12 months, Te Manatū Waka has developed Hikina te Kohupara – a discussion document that set out options to put the transport system on to a zero emissions pathway. Hikina te Kohupara sets out the challenges and opportunities on the road to decarbonising the transport system in Aotearoa. Hikina, and feedback gained from public consultation, will inform the transport component of New Zealand's first national Emissions Reduction Plan, which will be published in 2022. Highlighting our role as leaders and future thinkers of the

transport industry, this work has been a major accomplishment for the Ministry. It will also have a significant influence on the development and operation of the transport system over the coming decades.

We have continued to be agile and have responded quickly to COVID-19 as new issues have arisen, working closely with other agencies, the Government and New Zealanders to ensure we can limit the spread of COVID-19 at our borders. Over the past 12 months, we have had to evaluate our work programmes and expectations in order to resource our COVID-19 response. Much of the burden of our COVID-19 response has fallen on a small number of key staff and I want to recognise their dedication and service to keeping New Zealanders safe.

Last year we took the decision to formalise a work programme within our COVID-19 Directorate – channeling work areas into allocated workstreams for a clearer delineation from 'business as usual' teams towards a more structured and resilient response. We led work to protect New Zealand's aviation and maritime borders, and coordinated measures to maintain our international connectivity, including through ongoing support on maritime arrival and supply chain issues as well as through the International Air Freight Capacity scheme. The Ministry has been heavily involved in cross-government work to prepare for the arrival and domestic distribution of vaccines, establishing quarantine-free travel arrangements with Australia and the Cook Islands, and supporting border transport stakeholders on the vaccination programme.

As part of our COVID-19 response, we have continued to administer international airfreight connectivity schemes that have maintained our aviation connections with the world, this has played a vital role in allowing New Zealand to keep flourishing. This scheme has enabled more than \$11bn in trade to occur by supporting the movement of 155,000 tonnes of inbound and outbound freight, including vital supplies such as vaccines and high-quality exports. This work has also enabled New Zealanders

to return from overseas (65% of returning New Zealanders have done so on international airfreight supported flights).

The Ministry also led the development of the Government Policy Statement on land transport (GPS) 2021/22-2030/31. The GPS 2021 sets out the government's priorities for expenditure from the National Land Transport Fund over the next 10 years. As such, it is an important lever to influence investment in, and the performance of, the land transport system.

During the last year, we also finalised the **Maritime Security Strategy** and the New Zealand Rail Plan, and made good progress on a wide range of other policy initiatives including the Civil Aviation Amendment Bill, and the implementation of the Road to Zero Action Plan.

The Ministry has a strong commitment to the career development of all our staff. I was particularly pleased when Kirstie Hewlett, our Deputy Chief Executive, System and Regulatory Design, was appointed Chief Executive of Maritime New Zealand. Kirstie's appointment reflects not only on her ability and her great work at the Ministry, but also on the investment and commitment that we put into supporting our staff to develop to their full potential.

Everyone at Te Manatū Waka has put their best foot forward over the past year and I continue to be proud of the collective values we have demonstrated. Our work is vital to the safety and prosperity of all New Zealanders and everyone at the Ministry plays an important role.

P. Mersi

Peter Mersi

Chief Executive,
Ministry of Transport



This annual report is based on the Ministry's 2018 – 2022 Statement of Intent

The Ministry's last Statement of Intent (strategic intentions) was published in May 2018 and covered the four years from 2018 to 2022. The Ministry has prepared this annual report based on that Statement of Intent.

The Public Finance Act provides that an agency should, at least every three years, publish its strategic intentions. The Public Finance Act also precludes an agency from publishing its strategic intentions in the three months immediately prior to the Government releasing its Budget (on 20 May 2021).

The Ministry was due to publish its new strategic intentions by May 2021, but these were not finalised and published until September 2021. As a result, we have not met legislative requirements under the Public Finance Act 1989.

The Ministry took the decision that it wanted to be clear about the new Government's priorities and be able to appropriately take these into account before we finalised and published our new Strategic Intentions. We recognised that this would result in a delay in issuing our strategic intentions but considered that this would avoid the potential for having to amend or reissue the strategic intentions, and any possible confusion that may have caused for stakeholders.

Had the Ministry published its new Strategic Intentions by May 2021, we would still have based this annual report on the Statement of Intent 2018 as that had applied for most of the 2020/21 year.

Section 1

Te Manatū Waka
**The Ministry
of Transport**



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

The New Zealand Government Transport Sector

Minister of Transport and Associate Ministers of Transport



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



Civil Aviation Authority

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

Aviation Security Service

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



Maritime New Zealand

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

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



Waka Kotahi

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

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

Provides land transport safety and sustainability information and education.

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



Transport Accident Investigation Commission

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



City Rail Link Limited

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

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

Three State-owned enterprises with transport functions

Airways Corporation of New Zealand Limited

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

Meteorological Service of New Zealand Limited (MetService)

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

KiwiRail Holdings Limited (trading as KiwiRail Group)

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

Local government

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

New Zealand Police

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

To mātou mahere rautaki | Our Strategic Framework

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

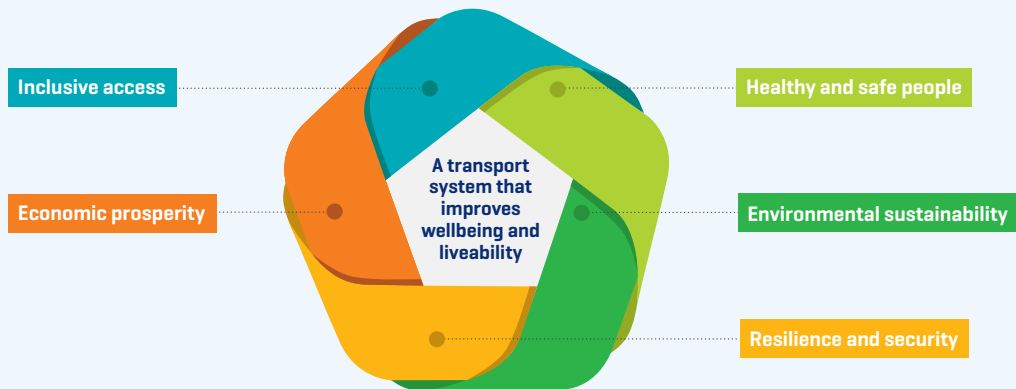
At the heart of our purpose is people. Transport touches people's lives in many ways and directly affects our wellbeing. It provides people with access to social and economic opportunities, and plays a critical role in supporting the productivity of our economy.



Our Purpose

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

Our Vision



Our Role

We are the Government's system lead on transport

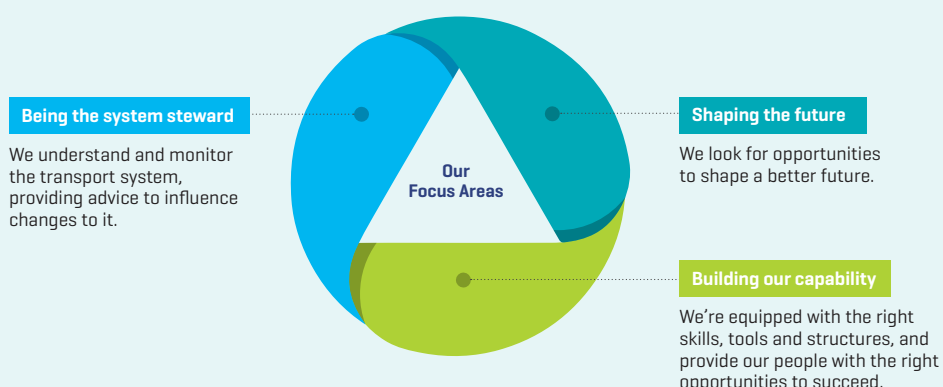
Our Key Functions

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

Our Work

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

Our Strategic Focus Areas



Our Work

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

Our Values

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

THE MINISTRY OF TRANSPORT

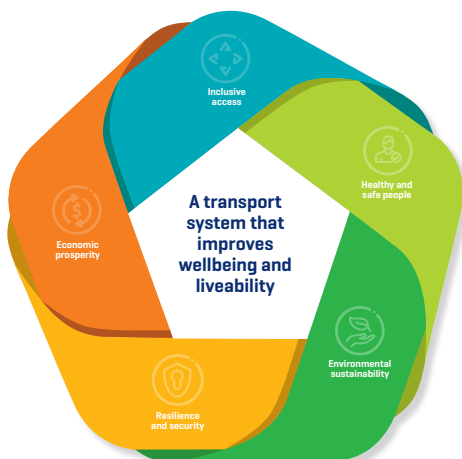
The Transport Outcomes Framework

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

We must develop and maintain strong partnerships, and work collaboratively with others to be successful. To do this, we need a consistent approach to the way we think about the impact of the decisions we take. By having a shared vision, and looking at the impact of transport decisions, whether positive or negative, we can see how the system as a whole is contributing to achieving that vision.

The five transport outcomes that support our vision are: 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

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

Our work

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

The Ministry has three key functions:

- **Policy advice:** The government will invest almost \$40 billion in transport over the next decade. The Ministry enables the government to align its investment decisions and objectives in order to maximise its return. Through this function, the Ministry also facilitates more open and efficient markets, and mitigates the safety and environmental harms that the system creates through regulatory design
- **Crown entity governance:** The transport Crown entities are the government's key regulators in the transport system. The Ministry supports Ministers to appoint Boards and set expectations for the Crown entities, and the Ministry monitors actual performance to support the relationship between Ministers and Boards
- **Sector leadership and stewardship:** The Ministry leads the transport agencies in sector-wide coordinated action and engages with the sector to develop a shared future direction for the transport system. Through its stewardship role, the Ministry looks ahead to better understand the factors that might influence transport over the next 20 to 30 years

Additionally, the Ministry has other functions to: represent New Zealand at international transport forums, operate the Milford Sound/Piopirotahi Aerodrome, oversee the Crown's interest in joint venture airports, administer a contract with the MetService to provide a public weather warning and forecast service and refund fuel excise duty (contracted to Waka Kotahi).

To deliver on its functional responsibilities, the Ministry's work includes:

- Leading system direction and strategy
- Shaping regulatory stewardship
- Monitoring and evaluating system and government agency performance
- Influencing to achieve broader government outcomes
- Driving revenue raising and investment choices
- Influencing the development of international standards.

Government's work programme

While the outcomes framework captures the impact transport has over time, governments can choose to emphasise particular outcomes over others. The Government's work programme provides a strong focus for the Ministry.

Our strategic focus areas

In addition to the Government's work programme, we also have our own Ministry-driven focus areas. We use these as a lens to inform how we carry out the Government's work programme, and to guide our longer-term work as we look to fulfil our system leadership role.

Our focus areas are:

- **Being the system steward** – using our unique overview perspective to understand the transport system, monitor and guide it.
- **Shaping the future** – in everything we do, we look for opportunities to shape the future with an eye on sustainability and optimising the outcomes for all New Zealanders over time.
- **Building our capability** – ensuring we are equipped with the right skills, tools and structures, and provide our people with the opportunities to succeed.

Values

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

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



To mātou tirohanga ki tua – Hei kawe I te punaha whakapai I te oranga | Our Vision – A Transport System that Improves Wellbeing and Liveability

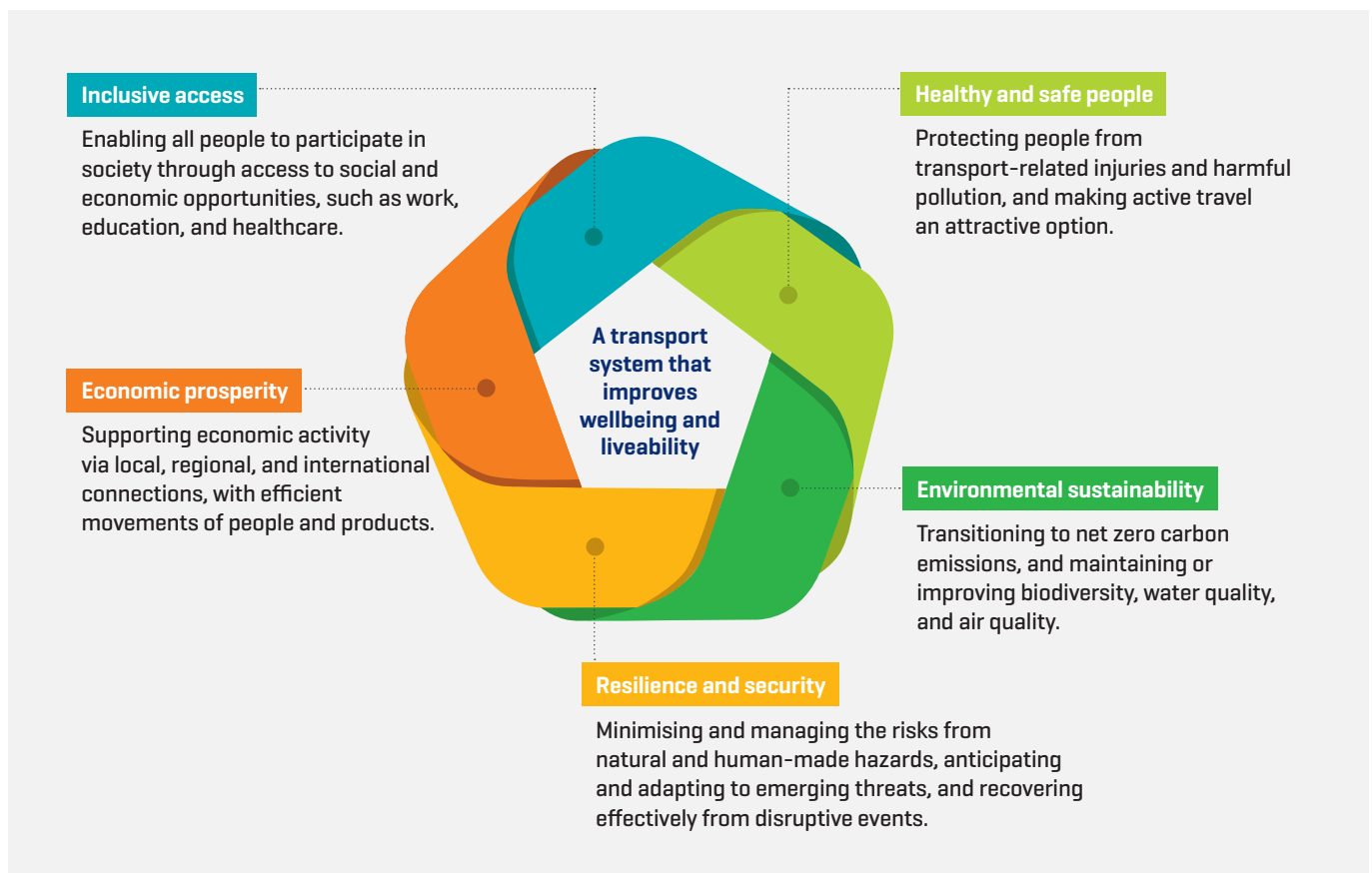
Transport Outcomes Framework

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

To help us quantify and measure our progress towards improving wellbeing and liveability for all New Zealanders, we consulted with an extensive

range of stakeholders to develop a set of indicators for each outcome.

In April 2020, the 37 indicators were published on our website. As well as publishing headline data, we published a data sheet to enable interested parties to undertake their own analysis, and form their own views about how the transport system is performing. The indicators will continue to be developed over time as new datasets become available, and we find new ways to use them to improve system-wide decision making.



Ngā tirohanga katoa mo te urupare ā te Manatū ki te Mate Korona | Overview of Ministry's response to COVID-19

The Ministry's COVID response has built up over time as the COVID-19 context has developed.

Alongside responding on the domestic front, the Ministry has also worked on a cross-government coordinated response on the international front. This has included working on measures to protect New Zealand's aviation and maritime borders – including supporting the introduction of pre-departure testing requirements and the establishment of a framework for very high-risk countries.

We have also coordinated measures to maintain our international connectivity, including through ongoing support on maritime arrival and supply chain issues as well as through the International Air Freight Capacity (IAFC) scheme and, more recently, the succeeding Maintaining International Air Connectivity (MIAC) scheme.

In September 2020, as the enduring nature of COVID-19 became clearer, the Ministry formalised a work programme within a COVID-19 Directorate – channeling these work areas into allocated workstreams for a clearer delineation from business as usual teams and a more structured and resilient response. As the COVID-19 situation has developed, particularly in relation to domestic resurgences and new variants and outbreaks overseas, these workstreams have been adjusted to maintain focus in the right areas. Part of this work relates to international settings and an outlook to lifting border restrictions.

The Ministry was heavily involved in establishing quarantine-free travel arrangements with Australia and the Cook Islands which reflects New Zealand's approach thus far – establishing agreements on a country-by-country basis. Since establishment, the Ministry has been involved in implementing additional protections and/or pauses in relation to changes in COVID-19 settings, both here and in partner states.

Another area of development relates to the relationship between health status (vaccination status, test results, recovery information, etc.) and reduced border restrictions. The Ministry is involved in the cross-government work underway on digital health passes.

This work aligns with the progression through the different groups of New Zealand's vaccine rollout. The Ministry had a key role in preparing for the arrival and domestic distribution of vaccines. We have subsequently been supporting our border transport stakeholders to vaccinate their workforces, including engaging with them on the expansion of the Vaccinations Order to the border workforce.

2020

In September 2020, as the enduring nature of COVID-19 became clearer, the Ministry formalised a work programme within a COVID-19 Directorate



Section 2

Te manakohanga
putanga kawenga
o ngā Kaupapa
matua o Te Manatū

The Ministry of Transport's Outcomes

Work Carried out in 2020/21 Against the Transport Outcomes

Work streams in the Ministry's Statement of Intent 2018 – 2022 (SOI 2018) were described under Government priorities. In this Annual Report we have reported our work under the transport outcomes framework. Information on how the policy initiatives from our SOI 2018 are reported against in this annual report is included on page 39.

The five outcomes are closely linked, and in many cases, work streams contribute to more than one transport outcome. For clarity, work streams are reported against their primary allocations.



Inclusive Access

Enables all people to participate in society, through access to social and economic opportunities such as work, education and healthcare.

The transport system provides ways for people and products to move from one place to another. This enables people to access economic opportunities (e.g. work) and social opportunities (e.g. friends, family/whānau, and community services). Transport therefore plays an important role in social development. Access is also vital for economic activity, as recognised in the Economic Prosperity outcome.

Accessibility is shaped by location and distance (i.e. how far people need to travel to access what they need/want), personal capabilities (including physical and financial abilities), the range of travel options available, and time (i.e. how long it takes to travel by each option). Digital infrastructure, such as high-speed internet connections, can also enhance accessibility. Access is high when people can access many social and economic needs and opportunities within a short amount of time and at an affordable cost.

The Ministry has progressed a range of initiatives to promote the Inclusive Access outcome, including:

COVID-19: Public transport

COVID-19 has continued to impact public transport, with multiple resurgence events over the course of the year. The Ministry worked closely with the Ministry of Health on new information and approaches to managing the risk of COVID-19. The requirements around the use of public transport evolved throughout the year. To support this the Ministry worked with Waka Kotahi, councils and the wider sector to ensure a common understanding of the new requirements and facilitate a collaborative approach to meeting these requirements.

In particular, new requirements for the use of face coverings on public transport were introduced. Distancing requirements were also removed at Alert Level 2. This removed one of the biggest challenges to meeting the needs of public transport users during resurgence events. The Ministry will continue to monitor the sector to respond to alert level changes.

Government Policy Statement on land transport

The **Government Policy Statement on land transport** (GPS) sets out the government's priorities for expenditure from the National Land Transport Fund over the next 10 years. As such, it is an important lever to influence investment in, and the performance of, the land transport system.

The Ministry led the development of the GPS 2021/22-2030/31 (GPS 2021). As part of the development process, we prepared a draft GPS 2021 that was subject to public consultation, with the final GPS 2021 coming into effect on 1 July 2021.

The Ministry also supported the implementation of GPS 2021, which included engaging with Waka Kotahi on the development and moderation of the National Land Transport Programme 2021-24. Work on GPS 2024 is already underway through our GPS 2024 work programme.



OUR OUTCOMES

| | |
|--|---|
| Enhancing transport accessibility | <p>Accessibility to transport supports social cohesion, mobility and wellbeing. The Ministry has a broad programme of work to enhance accessibility, particularly for the transport disadvantaged. During the last year we:</p> <ul style="list-style-type: none"> • worked with Auckland Transport and government partners to begin implementation of the Community Connect pilot, which is expected to launch in July 2022. The pilot will provide a 50 percent public transport concession to Community Services Card holders in Auckland. • received recommendations regarding the transport sector's role in implementation of the Convention of the Rights of Persons with Disabilities, and along with Waka Kotahi, we are considering and responding to those recommendations. • considered feedback provided during public consultation and progressed proposed rule changes to increase the accessibility of streets and footpaths for all road users. |
| Public transport | <p>The Ministry continued the review of the Public Transport Operating Model (PTOM). The PTOM Evaluation (the first stage of the review) was completed and the report was published in early 2021. The scope of the policy and legislative review (the second stage) was agreed and the Ministry consulted with stakeholders and the wider public on a discussion paper. The review aims to ensure PTOM is fit for purpose to support the Government's objectives for public transport. We will now provide advice on the outcomes of consultation and the next steps for the review.</p> <p>As part of, and in parallel with, the PTOM review the Ministry also progressed a work programme to support the Government's commitments to decarbonise the public transport bus fleet. We commissioned and published a report on options to enable accelerated decarbonisation of the bus fleet. The PTOM discussion paper also explored these issues and options.</p> <p>The Ministry has continued to be engaged in issues related to bus driver wages and conditions, including through the Bus Driver Conditions Steering Group. This Steering Group is working collaboratively to progress short-term improvements to bus driver wages and conditions. Through the PTOM review, we are also considering options to protect and improve bus driver wages and conditions in future contracts.</p> |
| Urban Growth Agenda | <p>The Ministry continued to contribute to the Urban Growth Agenda (UGA), a cross-agency programme that is seeking to increase affordable housing, reduce emissions, and to create more liveable and resilient cities.</p> <p>We contributed to Urban Growth Partnerships in the Auckland, Waikato, Bay of Plenty, and Wellington regions, and supported development of the National Policy Statement on Urban Development. Our work on the Congestion Question, exploring transport pricing in Auckland, and emissions reduction also contributed to the UGA.</p> |
| Let's Get Wellington Moving | <p>Let's Get Wellington Moving (LGWM) is a joint initiative between Wellington City Council, Greater Wellington Regional Council and Waka Kotahi to deliver a long-term programme of investment that shapes Wellington's transport system between Ngauranga and Wellington Airport. LGWM aims to improve the way people get around Wellington while enhancing liveability and access, moving more people with fewer vehicles, and improving safety and resilience.</p> <p>During the last year the Ministry kept up-to-date on LGWM progress through the development of good relationships with the new LGWM leadership team and relevant people at Waka Kotahi. We provided independent advice to the Minister on LGWM governance, monitoring and funding to support the Minister's discussions with the LGWM partners.</p> |



Economic Prosperity

Supports economic activity via local, regional and international connections, with efficient movements of people and products.

Transport supports economic activity by connecting businesses with their workers, customers, suppliers, and other businesses. This enables each community and region of New Zealand to take advantage of their unique strengths and resources.

At a local level, transport connects people with nearby places for working, shopping, and accessing services. At a regional and national level, transport provides routes for products to journey from producers to domestic and international markets, and for imports to enter New Zealand.

The Ministry has progressed a range of initiatives to promote the Economic Prosperity outcome, including:

COVID-19: Support for aviation and essential transport connectivity

Essential Transport Connectivity scheme

COVID-19 reduced domestic travel by requiring lockdowns and preventing international tourists from coming to New Zealand. The domestic transport network saw a large reduction in services which became uneconomic.

The Ministry has administered the Essential Transport Connectivity (ETC) scheme, which was established in May 2020 with a budget of \$25.7m to maintain essential transport services in New Zealand. To date the ETC scheme has enabled more than 167,000 passengers to travel on over 12,000 services. It has maintained the vital connections many New Zealanders rely on to access health, economic and social opportunities.

Through the ETC scheme, the Ministry has also provided support to critical transport support services ensuring that these services are maintained to enable the long-term recovery of the transport sector (this includes providing essential items and support to seafarers to meet our international obligations for the welfare of seafarers and the funding of MetService to provide forecasting to airlines in New Zealand airspace). The ETC scheme allows the Government to respond quickly and adapt to the changing environment caused by COVID-19, and at the same time it supports New Zealand's post-COVID resilience and recovery.

Support for international air connectivity

Borders closing as a result of COVID-19 travel restrictions saw a dramatic reduction in international passenger aircraft arriving in New Zealand. These aircraft perform a dual role – as well as carrying passengers they also carry freight.

The Ministry has administered the International Airfreight Connectivity scheme which was established in May 2020 and the Maintaining International Air Connectivity scheme which was established in May 2021. These initiatives have maintained New Zealand's international connectivity. The Ministry has enabled over \$11bn in trade to occur and has maintained essential connections with China, Japan, Middle East, United States and the Pacific Islands.

The schemes have also supported the movement of 155,000 tonnes of freight inbound and outbound of New Zealand which includes vital supplies such as vaccines and high-quality exports. In addition to the economic and social benefits above, the initiatives have also supported:

- New Zealanders to return from overseas. 65% of the total number of people to pass through MIQ have returned on MIAC/IAFC supported flights.
- Connectivity to transport crucial supplies to the Pacific Islands. Flights to Fiji, Samoa, Tonga and Niue have sustained a base level of aviation infrastructure, which will be vital for the islands' economic recovery.



OUR OUTCOMES

COVID-19: Support for aviation and essential transport connectivity (continued)

- The competitiveness and sustainability of the aviation sector because it has enabled airlines to continue operating services that would otherwise not be commercially viable.
- The return of airlines such as Air Tahiti Nui, Air Calin and Cathay Pacific (schedules showed they were withdrawing from New Zealand). FedEx has been in communication with the Ministry and has signaled that the company is very appreciative of the contracting of Air Tahiti Nui, as this relationship has enabled FedEx to send 'express' parcels by air rather than sea.
- The Ministry to address capacity shortfalls when demand in international markets has exceeded expectations. For example, when United Airlines withdrew from the scheme to cater to their own domestic network, funding was reallocated to Air New Zealand to operate an additional 2 flights to LAX to cover a large shortfall identified by exporters and freight forwarders.
- New Zealand's necessary health measures without fear that they would lead to significant reduction in freight movement. This has supported the aviation system to respond to changing health measures at the border, rapid changes in fuel price, foreign quarantine restrictions on air crew, international lockdowns, and pauses to quarantine free travel.

Rail

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

The Ministry leads an important Future of Rail Programme, with support from the Treasury, Waka Kotahi and KiwiRail. A joint working group was established to deliver advice to ministers and implement the programme's recommendations.

The Ministry developed the first New Zealand Rail Plan, which the Government released in April 2021. The plan outlines the Government's vision and priorities for rail investment and is part of enabling a new long-term planning and funding system for rail. GPS 2021, for the first time, allocated funding directly to KiwiRail to enable it to restore a resilient and reliable rail network.

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

The Ministry also initiated work on developing track user charges that will ensure that the users of the rail network contribute to the NLTF in a fair and transparent way. We have also begun work on a review of the metropolitan rail system to determine whether there were any system issues which contributed to the extensive rolling contact fatigue found on the Auckland metropolitan rail network.

Coastal shipping

The Ministry has continued to work to better understand the challenges, barriers and opportunities facing New Zealand's coastal shipping sector.

During the last year, the Ministry commissioned economic modelling for coastal shipping to build a strong evidence base and allow us to consider specific levers and investment opportunities. The economic modelling was completed, and the Value of Coastal Shipping report was released in August 2020.

The Ministry also developed the Coastal Shipping activity class in the GPS 21, which is allocating between \$30-\$45 million for coastal shipping between 2021-24. We have been working alongside Waka Kotahi to identify possible investment opportunities. Ultimately, the Government's expectation for investment in coastal shipping is to embed mode neutrality and choice for freight transporters, to allow New Zealand flagged coastal shipping to operate on a level playing field with other freight operators, and to enhance the sustainability and competitiveness of the domestic sector. It also reflects the Government's interest in partnering with industry to understand the challenges facing coastal shipping and working with it to address these challenges. The initial three years of funding will include research to see what future support for the sector may help achieve Government's aims.



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| Auckland Transport Alignment Project | <p>To ensure the Government's transport priorities in Auckland are implemented in a timely manner, the Ministry has worked collaboratively with the Auckland Council, Waka Kotahi, Auckland Transport, KiwiRail and the Treasury on the Auckland Transport Alignment Project (ATAP).</p> <p>A focus of the programme is encouraging more public transport, walking and cycling relative to private vehicle travel (mode shift) in Auckland as well as providing the best transport options to support growth in the region while applying an emissions reduction approach. The ATAP 2021-31 investment programme was approved by Cabinet and Auckland Council in March 2021 with investment in key transport projects, including investment by the New Zealand Upgrade Programme, a significant asset renewals programme and key programmes including safety.</p> <p>Drury Transport Programme</p> <p>Work was initiated to determine the optimal transport investment programme to support transit oriented development, emissions reduction and housing supply at Drury, a growth area in the south of Auckland. Drury will be home to 60,000 residents by 2048, so it is vital to ensure public transport leads development in the area and housing supply is supported by active modes.</p> <p>To complement investment through the New Zealand Upgrade Programme (NZUP) in the Drury area, the Ministry is working alongside Waka Kotahi and KiwiRail to determine options for local transport investment. A significant programme of work has been undertaken over the past 12 months which is now being refined to design an optimal option for investment.</p> |
| Rapid Transit Network | <p>From December 2018 to July 2020, the Ministry of Transport led the development of an interim Indicative Business Case (IBC) on the potential for rapid rail to help deliver the Government's aspirations for growth and economic development in the Hamilton to Auckland Corridor.</p> <p>In July 2020, Cabinet agreed that the Ministry of Transport develop the next stages of the project, working with the Ministry for Housing and Urban Development, the Treasury, KiwiRail, Waka Kotahi and Treaty partners in the Corridor. Cabinet also included a mandate to initiate an investigation of a separate indicative business case for extending rapid rail to Tauranga, and how that would fit with the proposal.</p> <p>Over the last year, the Ministry has worked closely with its consultants to develop a project plan for the next stage of work, including the programme of work, timescales, funding, governance arrangements, risks to decision makers and a stakeholder plan. Part of this process was identifying the gaps in the interim IBC, when measured against the requirements for a Treasury approved indicative-level business case. For example, the interim IBC did not provide any information on the commercial viability, affordability and deliverability of the project.</p> <p>In August 2020, the Ministry received funding to take forward the work required to complete a full IBC. The Ministry will also continue to investigate a possible extension to Tauranga, where this is important for informing the Hamilton to Auckland business case work, or does not require additional resource.</p> |
| Auckland Light Rail | <p>Accelerating the development of Auckland's rapid transit system will improve access to employment and education, unlock housing and urban development opportunities as well as encourage people to shift to public transport.</p> <p>In June 2020 the Government ended the previous structured process (known as the 'parallel process') which had aimed to appoint a preferred delivery partner of either NZ Infra or Waka Kotahi. The Ministry and the Treasury were tasked with providing advice on the public service delivery of the project.</p> <p>In November 2020, the Ministry and the Treasury provided joint advice to the Minister of Transport and the Minister of Finance on how best to proceed with the project through a public service delivery approach, based on collaboration with ATAP Partners, the Ministry of Housing and Urban Development, Kāinga Ora and others. In March 2021, Cabinet agreed to set up the Auckland Light Rail Establishment Unit, which was formed with a 6-month work programme including:</p> <ul style="list-style-type: none">• providing a high-level cost estimate for each of the short-list options• outlining the preferred way forward, in relation to route and mode• recommending the preferred project governance framework, including specific advice on the appropriate delivery entity form to progress the project• identifying the next steps for the project, including the scope for subsequent detailed business case work. |



OUR OUTCOMES

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| Auckland Light Rail (continued) | <p>The Establishment Unit's work will inform decisions by Cabinet in November 2021 on a preferred way forward for the project. The Ministry is working closely with the Establishment Unit across all aspects of its work, including to ensure its advice is shaped by broader policy considerations and identifying initial priorities for the policy, legislative and regulatory work programme. The Ministry will be supporting the Minister of Transport in his report back to Cabinet.</p> |
| The Congestion Question Project | <p>The impact of growing congestion in Auckland is increasing travel times and unreliability, affecting people's ability to access work, education, social and recreational opportunities.</p> <p>In November 2020, the Ministry released a series of reports which provided a comprehensive investigation of whether it would be feasible to introduce congestion pricing in Auckland. These reports were the result of a cross agency project led by the Ministry with Auckland Council, Auckland Transport, Waka Kotahi and the Treasury. The reports concluded that there is a technical case for introducing congestion pricing in Auckland. With the right design, supported by improved public transport services, and a mitigation programme to assist vulnerable road users, congestion pricing would produce a measurable improvement in network performance, producing substantial economic benefits, reducing emissions and improving liveability in Auckland.</p> <p>Since the release of the reports, we have supported the Transport and Infrastructure Select Committee to conduct an inquiry into congestion pricing for Auckland. We are also continuing to assess the social equity impacts of congestion pricing and effective ways to mitigate these impacts.</p> |
| Tuawhenua Provincial Growth Fund | <p>The Tuawhenua Provincial Growth Fund (PGF) aims to lift productivity potential in the provinces. Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets.</p> <p>The PGF is an additional funding source for transport projects. It boosts funding available for regional projects, including those that do not meet the investment priorities for the National Land Transport Fund, or the New Zealand Rail Plan, but are important to a region's productivity potential.</p> <p>As at 30 June 2021, \$647.88 million PGF funding was approved to Vote Transport projects. \$208.88 million and \$439.00 million were allocated to road and rail projects respectively.</p> <p>The Ministry of Transport administers a Memorandum of Understanding that sets out which of its partner agencies delivers each project. The Ministry administers projects by entering into funding agreements with Waka Kotahi and KiwiRail to deliver the projects. The Ministry provides regular reports on Vote Transport projects to responsible Ministers.</p> |
| NZ Upgrade Programme Oversight Group | <p>The New Zealand Upgrade Programme (NZUP) was announced in January 2020, as a \$12 billion Crown capital investment in infrastructure. Of the \$12 billion, \$6.8 billion was to be invested in rail, roads, public transport, as well as walking and cycling infrastructure across New Zealand. The projects are targeted at New Zealand's main growth areas – Auckland, Waikato, Bay of Plenty, Wellington, Canterbury and Queenstown. This funding is additional to investment provided through the NLTF.</p> <p>The Ministry led the establishment of an NZUP Oversight Group to provide assurance around the delivery of the programme on behalf of the Crown. Assisted by the NZUP Oversight Group, the Ministry supported Ministers to undertake a baseline assessment of the NZUP programme, working closely with the Treasury and the Delivery Agencies (Waka Kotahi and KiwiRail). This process was undertaken to provide confidence over the scope and affordability of the programme. It also provided an opportunity for Ministers to confirm the overall programme within a changing operating environment alongside a stronger commitment by the Government to tackling climate change (which followed the confirmation of the initial programme).</p> <p>Through the baselining process, Cabinet confirmed a re-scoped programme that more strongly aligns with reducing climate change emissions across the transport system. The revised programme provides for additional investment into rail, public transport, and walking and cycling. Around \$1.9 billion of additional investment was provided for to support the delivery of the revised Programme.</p> <p>As the NZUP was initially designed as a fiscal stimulus package, the NZUP will now play an important part in New Zealand's economic recovery from COVID-19. The programme is the single largest transport investment directly funded by the Crown.</p> |



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| National Freight and Supply Chain Strategy | <p>The Ministry's work to develop a National Freight and Supply Chain Strategy follows from the Upper North Island Supply Chain Strategy, which concluded in July 2020, following receipt of the Sapere report to Cabinet. We noted that, because the agencies involved in the process had been focused on COVID-19 response and recovery work, they were not able to provide policy advice on Sapere's assessment of the benefits, costs, risks and uncertainties associated with the options. As a result, further policy analysis would be needed in 2021.</p> <p>Our response to this has been to take the work forward as part of a National Freight and Supply Chain Strategy. Now we have all this evidence which has zoomed in on this very specific ports question, a strategy which looks at the bigger picture and context of a port relocation is missing. The strategy will zoom-out to provide a 15-30 year or longer, system-wide view and an intermediate level of strategic direction to inform more detailed investment decisions by central and local Government, iwi, and the private sector.</p> <p>Developing a strategy will also help New Zealand to meet its supply chain decarbonisation, resilience, and efficiency objectives. It will provide greater certainty to the sector and support an integrated approach to freight that considers all modes of transport and how they are best used.</p> <p>A National Freight and Supply Chain Strategy is a medium to long term undertaking for the Ministry. It will be developed through a collaborative approach and will include developing a set of long-term priorities that government will address in partnership with the sector. Our first objective is to produce an issues paper which will identify some of the opportunities, challenges and relative priorities for achieving our objectives. This paper will be made publicly available for feedback late 2021 or early 2022.</p> |
| Supply Chain Congestion | <p>COVID-19 has caused massive disruptions in global containerised sea freight, which has manifested in port congestion around the world; a loss in frequency, reliability and capacity of shipping services; and escalating sea freight rates, among other impacts. New Zealand, being at the end of the world's supply chains and making up a small percentage of global sea freight volumes, has been severely affected by the disruptions.</p> <p>In the past year, the Ministry has engaged extensively with industry to understand the drivers of congestion and opportunities for mitigations, and assist New Zealand businesses to get their goods to/from overseas markets. Measures undertaken by the Ministry to date include:</p> <ul style="list-style-type: none">• facilitating the Ports of Auckland's applications to bring in skilled workers to raise productivity• granting international shipping lines exemptions from cabotage laws to allow more operational flexibility• bringing industry together to discuss potential collaborations. <p>The Ministry has also led an interagency group comprising government agencies with responsibilities in supply chain matters to share information and coordinate responses, which include facilitating critical imports, reporting on global developments, and providing businesses access to supply chain management experts.</p> |

OUR OUTCOMES



Resilience and Security

A resilient and secure transport system minimises and manages the risks from natural and human-made hazards, anticipates and adapts to emerging threats, and recovers from disruptive events.

New Zealand is a geologically active country, and we often experience wild or extreme weather. We therefore face ongoing natural hazard events

(e.g. earthquakes and cyclones) that can cause serious damage to infrastructure and communities. Our transport system needs to anticipate both natural and human-made risks, and be prepared to recover from disruptive events.

The security of the transport system also needs to be maintained, to guard against intentional harm to people, infrastructure, the environment, and our economic prosperity.

The Ministry has progressed a range of initiatives to promote the Resilience and Security outcome, including:

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| COVID-19 vaccine rollout | <p>The Ministry has been heavily involved in New Zealand's vaccine rollout programme. We had a key role in preparing for the arrival and domestic distribution of vaccines. We have subsequently been supporting our border transport stakeholders to vaccinate their workforces, including engaging with them on the expansion of the Vaccinations Order to the border workforce.</p> <p>The Ministry is contributing in other ways, such as the relationship between health status (vaccination status, test results, recovery information, etc.) and reduced border restrictions. The Ministry is also involved in the cross-government work underway on digital health passes.</p> |
| Ensuring the financial sustainability of transport Crown entities | <p>The Ministry has supported the transport Crown entities in responding to the impacts of COVID-19. This has included working closely with agencies to ensure they are appropriately funded to maintain core capability where revenue has been impacted by COVID-19. We have also administered liquidity facilities on behalf of the Crown to manage the associated revenue impacts.</p> |
| Strategic resilience and security | <p>The Ministry led the development of the Transport Resilience and Security Strategic Framework. This sets a clear vision and objectives for a resilient and secure transport system. The framework sets the strategic direction for our resilience and security work programme, guided by the 4R framework: reduction, readiness, response and recovery.</p> <p>Transport resilience and security, and the National Security System (NSS)</p> <p>Over the last 12 months, we have supported the NSS to respond to significant New Zealand resilience and security issues requiring transport sector involvement, including:</p> <ul style="list-style-type: none"> • COVID-19 (domestic resurgences and Quarantine Free Travel pauses) • the tsunami response following the magnitude 8.1 earthquake in the Kermadec Islands • extreme weather events and road closures. <p>The Ministry continues to remain highly engaged in the governance of the National Security System, including: attending meetings of the Hazard Risk Board (HRB), chairing the Maritime Security Oversight Committee (which reports to HRB), chairing the New Zealand Search and Rescue Council (which reports to HRB), attending meetings of the Security and Intelligence Board (SIB) as required, and attending meetings of the Counter-Terrorism Coordination Committee (which reports to SIB).</p> |

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| Strategic resilience and security (continued) | <p>Cross-modal work</p> <p>The Ministry and transport agencies continue to meet through a cross-modal transport security working group to prevent and prepare for security events (caused by malicious actors) that could impact (directly or indirectly) New Zealand's transport system. The work of this group also supports the NSS in achieving its counter-terrorism and violent extremism objective.</p> <p>The Ministry and transport agencies are also undertaking a high-level piece of work to assess the resilience of New Zealand's critical infrastructure.</p> <p>The Ministry is also continuing its work, with transport agencies and other stakeholders, to develop a framework to manage major transport incidents (both where the transport sector may have a lead role (e.g. a plane crash), or where the transport sector may have a supporting role (e.g. significant damage to critical transport infrastructure following a large earthquake)). The Ministry is working on a programme of work to increase the capacity and capability of the Transport Response Team.</p> <p>Aviation</p> <p>We have actively supported and developed a more future-focused and enduring aviation system resilience and security programme of work. Over the next six months we intend to build a strategic framework (specific to aviation) around this work that will help us prioritise our current work programme, and identify any gaps in our current work programme. This strategic framework will align with government strategies and priorities, including: the National Disaster Resilience Strategy, Crowded Places Strategy, and adapting to climate change.</p> <p>The Ministry is continuing progressing work on the Civil Aviation Bill. The new draft Bill includes sections to implement government policy relating to: the interception of drones, protecting Aviation Security Officers and explosive detection dogs from assault, and national security (including the temporary designation of landside security areas).</p> <p>Land transport</p> <p>The Ministry and Waka Kotahi have formed a working group to coordinate work programmes in relation to the resilience of land transport infrastructure (including coordinating work to adapt to climate change). The Ministry is also working on a Land Transport Security Work Programme (which is explained in more detail below).</p> |
| Land Transport Security Work Programme | <p>This year we embarked on a work programme that takes a strategic view of land transport security across the whole transport sector, including the key strategic and operational work being carried out by our key partners and stakeholders. The scope of the work programme covers security across the land transport network, including end-to-end journeys across modes, to identify the gaps, vulnerabilities, connections, and opportunities that exist in the sector.</p> <p>This work sits under the Ministry of Transport's Transport Resilience and Security Strategic Framework which sets out what a resilient and secure transport system will look like and the guiding principles for how the sector will achieve this. The work programme takes a strategic view of land transport security across the whole transport sector, including the key strategic and operational work being carried out by our key partners and stakeholders. This work supports us in putting in place initiatives that support a land transport system that enables freedom of movement and confidence, whilst mitigating risks from human-made threats. While the work programme focusses on the land transport system, to encompass end-to-end journeys, it also considers other transport modes, hubs, and the connections between them. This includes the interactions and relationships between rail networks and sea ports and inter-island ferries, the roading network and airports, and where rail and bus hubs adjoin or connect. Procurement of transport infrastructure, 'security by design', and information security will also be considered within this work programme.</p> <p>This work will be used to assist us in the next years of this work programme to put in place initiatives, based on the current threat level, that support a land transport system that enables freedom of movement and confidence, whilst mitigating risks from human-made threats.</p> |
| The Maritime Security Strategy | <p>The Ministry led the development of the Maritime Security Strategy which was launched in June 2021. The Strategy 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. The vision is that New Zealand will have a maritime security sector that secures New Zealand's significant maritime economic, cultural, and environmental interests, and is better able to deter adversaries, reduce harm to New Zealand communities and exert effective Kaitiakitanga (guardianship) of the sea.</p> |

OUR OUTCOMES



Environmental Sustainability

Transitions to net zero carbon emissions, and maintains or improves biodiversity, water quality, and air quality.

People and places will only be able to prosper long-term if the living systems that our society, economy, and wellbeing depend on are sustained in a healthy condition. The transport sector has a particularly important role to play in responding to climate change. Transport a major contributor of emissions and has an enormous impact on

our health, environment and quality of life. Transport accounts for 47 percent of our carbon dioxide emissions, and roughly a fifth of NZ's GHG emissions. Air pollution, accidents and congestion from traffic are bad for our health and productivity.

Without largely decarbonising transport, New Zealand will not be able to achieve its net zero carbon target as mandated by the Climate Change Response Act 2002 (CCRA) by 2050.

The Ministry has progressed a range of initiatives to promote the Environmental Sustainability outcome, including:

Hikina te Kohupara and the Emissions Reduction Plan

In May 2021, the Ministry published Hikina te Kohupara – a discussion document that set out options to put the transport system on to a zero emissions pathway. Hikina te Kohupara is the first comprehensive analysis of the challenge of decarbonising the New Zealand transport system and the opportunities it presents. Hikina, and feedback gained from consultation on it, will inform the transport component of New Zealand's first national Emissions Reduction Plan, which will be published in 2022.

The Emissions Reduction Plan will include emissions budgets and policies to reduce emissions from transport out to 2035, in a way consistent with the Government's net zero emissions commitments.

Moving to a low-emissions vehicle fleet

The Clean Car Programme will lift the supply and demand for low and zero emissions vehicles

The Ministry made substantial progress with work to implement Clean Car Standard and Clean Car Discount mechanisms – with implementation of both scheduled to be completed in 2022. Alongside these policies sits a zero emissions vehicle mandate, which will enable the Government to ensure a minimum percentage of imports are zero emissions in future.

The Clean Car Standard is a CO₂ standard (also known as a vehicle fuel efficiency standard). It will require vehicle importers to progressively lower the CO₂ emissions of the vehicles they are bringing in to an average of 105g for light vehicles by 2025. This will increase the supply of low emission vehicles.

The Clean Car Discount (also known as a feebate) is already making electric and plug-in hybrid vehicles more affordable to buy, with a discount of up to \$8,625 for new vehicles and \$3,450 for used vehicles.

The policy development process for these two policies was finalised in the first half of 2021, with legislation underway and the first phase of implementation (rebates for clean cars) launched in July.

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| Moving to a low-emissions vehicle fleet (continued) | <p>The proposed Sustainable Biofuels Mandate will increase the use of sustainable liquid biofuels in New Zealand to reduce greenhouse gas emissions from transport.</p> <p>Liquid biofuels are a renewable, low-emissions fuel that can help reduce GHG emissions from transport – including vehicles already in the fleet and harder to decarbonise sectors such as aviation. They are not as dependent on new fuel infrastructure or new vehicles as other ways of reducing GHG emissions (for example, electric vehicles or hydrogen fuel cell vehicles).</p> <p>The Ministry has worked jointly with the Ministry of Business, Innovation and Employment to develop policy proposals and consult on these. Legislation is expected to commence after final policy decisions in September.</p> <p>Multi-agency work on the development of electric vehicle charging infrastructure is being led by the Ministry to prepare for the rapid expansion of the electric vehicle fleet. Building on the work of EECA to roll-out public charging infrastructure, the Ministry is working on a strategic plan to ensure highway charging, destination charging and home charging keeps pace with changes in the fleet and gives New Zealanders the confidence to use electric vehicles.</p> |
| Marine Pollution (MARPOL Annex VI) | <p>MARPOL Annex VI addresses two main issues with respect to shipping emissions:</p> <ul style="list-style-type: none"> • human health and local environments (including limits of sulphur oxide and nitrogen oxide emissions) • greenhouse gas emissions (primarily carbon dioxide) <p>Annex VI will serve as the platform for an International Maritime Organization (IMO) greenhouse gas strategy, which will frame international shipping's climate change response for the foreseeable future.</p> <p>The Government agreed to the planned accession to the IMO convention MARPOL Regulations for the Prevention of Air Pollution from Ships by late 2021. Legislation is in the Select Committee stages and is due to be in force early 2022.</p> |
| International Maritime Organization Intersessional meeting on greenhouse gases and Maritime Environment Protection | <p>The International Maritime Organization (IMO) is the global standard-setting authority for the safety, security and environmental performance of international shipping.</p> <p>The Ministry is responsible for coordinating New Zealand's position on the IMO Emissions Strategy for reducing greenhouse gas emissions from ships.</p> <p>The Ministry continues to participate actively in the Marine Environment Protection Committee meetings and virtual informal discussions and continues to engage with like-minded countries to ensure that the Organization has a work programme in place that will enable international maritime transport to reduce greenhouse gas emissions at a rate consistent with the Paris Agreement.</p> |
| Carbon offsetting and reduction scheme | <p>As part of the Civil Aviation Bill, we are introducing a global market-based measure, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). This measure has been agreed by the International Civil Aviation Organization (ICAO) which has a global aspirational goal to achieve carbon neutral growth in the international aviation sector from 2020.</p> <p>Under CORSIA, aircraft operators will be required to purchase offsets, or "emission units", for the growth in CO₂ emissions covered by the scheme. CORSIA aims to address any annual increase in total CO₂ emissions from international civil aviation above 2020 levels.</p> <p>New Zealand agreed to participate in CORSIA from 2021.</p> <p>COVID-19 has significantly reduced global aviation traffic. The current CORSIA requirements called for 2019 and 2020 emissions to be used in determining the baseline emissions level. The reduction in aviation traffic means that the 2020 emissions were lower than what was originally projected. Subsequently, the ICAO Council has considered COVID-19 impacts on the rolling out of this measure, and determined that the 2019 emissions will be used in place of 2020 emissions to avoid inappropriate economic burden on the sector for the pilot phase from 2021 to 2023.</p> <p>Air New Zealand is the only New Zealand international operator impacted by the CORSIA. It has been fully engaged in discussions on it and agrees with its introduction.</p> |

OUR OUTCOMES



Healthy and Safe People

Protects people from transport-related injuries and harmful pollution, and makes physically active travel an attractive option.

The transport system can benefit or harm people's health, depending on how it is designed, developed, and used. New Zealand's transport system needs to be much safer in the future, particularly in the area of land transport. 318 people died from

vehicle crashes in New Zealand in 2020, and over 2,000 people were seriously injured.

To protect people's health, we also need to manage and reduce harmful pollutants from vehicles. The 2012 Health and Air Pollution in New Zealand report found that harmful emissions from vehicles cause 256 premature deaths (with social costs of \$934 million) annually in New Zealand.

The Ministry has progressed a range of initiatives to promote the Healthy and Safe People outcome, including:

Road Safety Strategy

The Government is continuing to take action on road safety, as committed to under *Road to Zero – New Zealand's 10-year road safety strategy for 2020-2030* and accompanying initial three-year action plan.

Road to Zero is based on an ambitious 'Vision Zero' approach. Vision Zero builds upon the safe system approach to road safety, which seeks to understand how we can improve the safety of the road transport system as a whole, rather than solely blaming individual users for making mistakes. *Road to Zero's* vision is a New Zealand where no one is killed or seriously injured in road crashes. It sets an interim target for reducing annual deaths and serious injuries on our roads by 40 percent by 2030. It is built on seven principles and has five focus areas: infrastructure improvements and speed management, vehicle safety, work-related road safety, road user choices, and system management. It also includes a robust outcomes framework for monitoring progress.

Road to Zero is accompanied by a three-year initial action plan. Progress on the 15 actions set out in the action plan is ongoing, and some key achievements over the past year include:

- Introducing the Drug Driving Bill, which proposes a new random roadside oral fluid testing regime. The Bill was referred to Select Committee in August 2020. Cabinet agreed to set criminal limits and blood infringement thresholds for 25 impairing drugs in a Supplementary Order Paper based on advice from the Independent Expert Panel. Select Committee reported back to Parliament on the Bill and Supplementary Order Paper on 17 June 2021. The Bill is expected to be enacted before October 2021.
- Considering the feedback provided during public consultation and designing a coordinated approach to progressing proposed rule changes intended to increase the accessibility of streets and footpaths for all road users.
- Increasing the penalty for using a mobile phone while driving to \$150 and beginning a wider review of road safety penalties. We expect to commence public consultation in 2022.

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| Road Safety Strategy (continued) | <ul style="list-style-type: none"> Jointly (with Waka Kotahi) consulting with stakeholders and the public on the draft Setting of Speed Limits Rule 2021. We expect the rule to be finalised in December 2021. Waka Kotahi have also developed the Register of Land Transport Records, which will be the national register for all speed limits. A speed limit will become legal when it is entered into the Register. The National Speed Limits Register now holds speed limit information for the majority of Road Controlling Authorities and is on track to be completed by 2022. Beginning the regulatory review of the driver licensing system to assess the extent the driver licensing system is achieving road safety, access and equity outcomes. The initial review is progressing, and we expect consultation to commence in 2022. <p>The response to COVID-19 has impacted progress of some actions in accordance with the published timeframes.</p> |
| Tackling Unsafe Speeds | <p>In the event of a crash, regardless of its cause, the speed of impact is the most important factor influencing whether people survive. This is why there is a focus on addressing unsafe and inappropriate speed limits under the <i>Road to Zero strategy</i>.</p> <p>The Tackling Unsafe Speeds programme is one of 15 actions as part of the <i>Road to Zero Action Plan 2020-22</i>. This programme aims to establish:</p> <ul style="list-style-type: none"> a new regulatory framework for speed management that improves how councils and Waka Kotahi plan for, consult on and implement speed management changes lower speed limits around schools to improve safety and enable more children to walk or cycle to school a new highly visible, no surprises approach to safety cameras – this involves increasing the number of cameras over time, positioning them on the highest risk parts of the network with clear signage, and ensuring camera placement is incorporated into speed management plans. Ownership and operation of safety cameras will also be transferred from NZ Police to Waka Kotahi. <p>Between April and June 2021, the Ministry and Waka Kotahi publicly consulted on a new draft Setting of Speed Limits Rule 2021. This rule will give effect to the new regulatory framework for speed management and will mandate safer speed limits around schools.</p> <p>Feedback was received from many stakeholders, including local and regional councils. The Ministry and Waka Kotahi are in the process of analysing submissions and will provide advice to the Minister of Transport on changes to the draft rule based on feedback received through consultation. It is expected that the final rule will come into effect in December 2021.</p> |
| Enhanced drug driver testing (drug driving) | <p>In December 2019, the Government announced its proposal to introduce a new compulsory random roadside oral fluid testing scheme. This decision followed a public consultation period in May and June 2019, during which 88 submissions were received from a variety of submitters.</p> <p>The Ministry developed the Land Transport (Drug Driving) Amendment Bill, which was introduced to Parliament in July 2020. The Bill, which introduces a new compulsory random roadside oral fluid testing scheme, was referred to the Transport and Infrastructure Select Committee in August 2020 and was reported back to the House in June 2021.</p> |
| Personal Flotation Devices | <p>Recreational boating research shows that more than 50 percent of fatalities over the last five years on small recreational craft might have been prevented if the person had worn a personal flotation device (PFD). Maritime New Zealand (MNZ) and the Ministry of Transport consider this issue could be addressed by changing Part 91 of the Maritime Rules to require the compulsory wearing of a PFD on small recreational craft.</p> <p>We are currently undertaking targeted stakeholder engagement to understand sector views and understand all implications from such a requirement. Once these views are sought, MNZ and the Ministry will formally engage in public consultation before providing final advice on the proposal to the Minister.</p> |

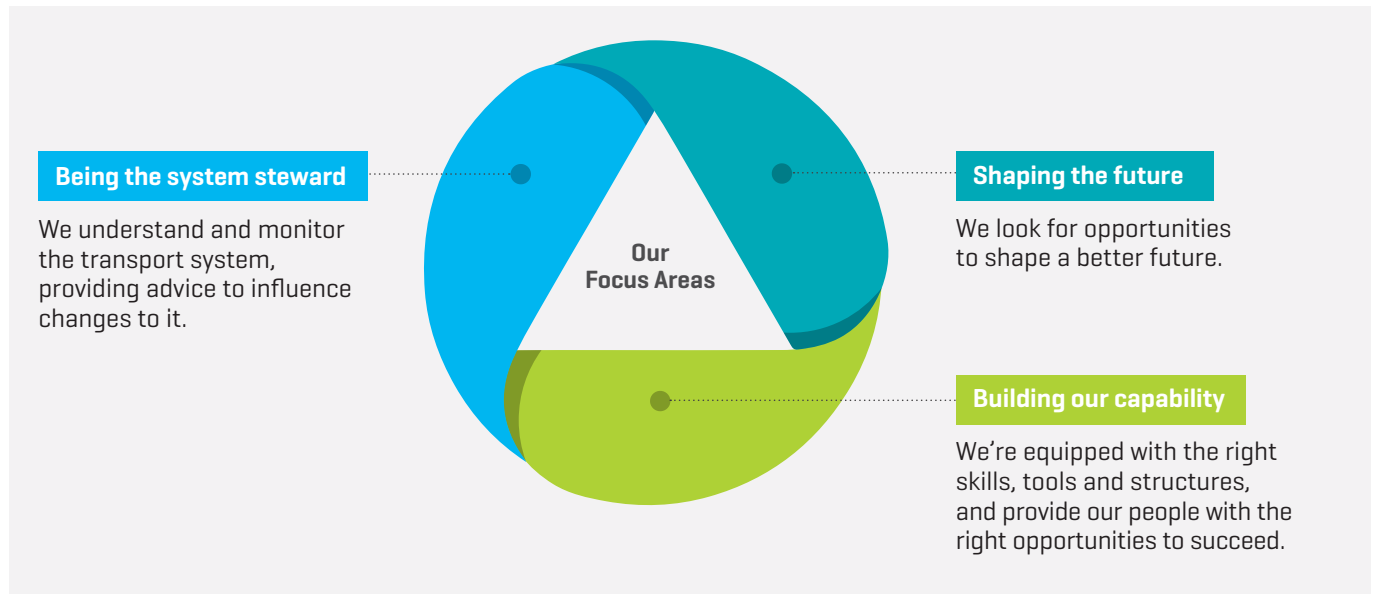
Section 3

To mātou wāhi
arotake rautaki

Our Strategic Focus Areas



Te rautaki ā Te Manatū | The Ministry Strategy



Being the system steward

This means that we understand how the transport system works. We monitor how it is going and we work together with others to review what has been done. We provide analysis and advice so that we can continue to adjust and influence change in the system to ensure it delivers the best possible outcomes for New Zealanders.



Shaping the future

We anticipate emerging opportunities and risks. Through monitoring, modelling, research, and intelligence we look for opportunities to shape a better future, and collaborate to realise opportunities and mitigate risks. The advice we provide today helps inform decisions which have positive long-term outcomes for all New Zealanders.



Building our capability

We have the right skills, knowledge, experience and culture to deliver our work. Our people are given the opportunity to develop and excel. We have the structures, governance, disciplines, systems and tools we need to support our organisation to deliver its work in an open and transparent way. We are an excellent place to work and grow.

OUR STRATEGIC FOCUS AREAS



Being the System Steward

We understand and monitor the transport system, providing advice to influence changes to it.

The Ministry has a key leadership role in the stewardship of the transport regulatory system, in close conjunction with the transport agencies. We take a whole of system view, a proactive,

collaborative approach to monitoring, reviewing and maintaining the system, and treat our regulatory system as an asset that requires long-term investment. This includes a rolling programme of reviews and changes to transport laws, regulations, and rules.

The Ministry has progressed a range of initiatives in its system steward role, including:

Performance of transport entities

The Ministry of Transport is responsible for overseeing the performance of – and managing the Crown's interest in – Waka Kotahi, the Civil Aviation Authority (CAA), Maritime New Zealand (MNZ) and the Transport Accident Investigation Commission (TAIC).

We also lead the overall monitoring programme for the City Rail Link project (the Minister of Transport and Minister of Finance are shareholding Ministers for the Crown's joint ownership of City Rail Link Limited (CRL) with Auckland Council), and are responsible for monitoring and administering the Government's contract with the Meteorological Service of New Zealand (MetService) and the Joint Venture Airports appropriation.

The Ministry's Crown monitoring role makes an important contribution by ensuring the transport Crown entities are well governed and delivering on the Government's expectations. During the year, we continued to enhance our Crown monitoring approach to provide Ministers with insights into the governance and performance of the transport Crown entities and the wider transport system.

Strengthening system performance through effective Crown monitoring

The Ministry undertook a range of monitoring activities across the transport Crown entities over the last year to support the overall performance of the transport system. These included:

- advising the Minister of Transport on the delivery and performance of the transport Crown entities against the Government's expectations
- monitoring the performance of City Rail Link Limited and the delivery of the City Rail Link project. In October 2020, the C5 (Western Line) and C7 (Track Works and Rail Systems Integration) contracts were integrated into the C3 Alliance contract
- monitoring the Crown's contract with MetService for the provision of metrological services
- administering the Crown's obligations in relation to Joint Venture Airports
- supporting the Minister of Transport in making appointments to the transport Crown entity boards
- establishing a new framework for assessing the governance and performance of regulatory agencies in the transport system
- initiating a review into the effectiveness and efficiency of road safety investment and delivery, with a focus on the Safe Network Programme and road policing
- supporting the transport Crown entities in responding to the impacts of COVID-19. This has included working closely with Agencies to ensure they are appropriately funded to maintain core capability where revenue is impacted by COVID-19. We administered liquidity facilities on behalf of the Crown to manage the associated revenue impacts
- supporting Waka Kotahi through the provision of additional funding injection for the Agency's regulatory function to maintain core capability while a wider funding review of the function is completed.

| | |
|--|--|
| Performance of transport entities (continued) | <p>Leading engagement across the system</p> <p>Over the last 12 months, the Ministry continued to strengthen its engagement with transport Crown entity boards, sector stakeholders and other agencies on effective approaches to strengthen governance and agency performance. This included:</p> <ul style="list-style-type: none"> • facilitating the Transport Sector Board Forum to bring Crown entity board directors together, building cross agency relationships and engagement (refer below for more information) • delivery of Board Chairs' Forums that bring together our board chairs to engage on key governance and policy issues across the transport system • sharing best practice frameworks and approaches with other monitoring departments for assessing the governance and performance of Crown entities • engaging with sector stakeholders to provide insights into the performance of transport Crown entities and the wider transport system. |
| Regulatory stewardship | <p>The Ministry's regulatory stewardship work contributes positively to the maintenance of the transport system and supports the Ministry's ability to achieve our transport outcomes. Regulatory stewardship is the responsibility to monitor and care for our transport regulatory system, to ensure it is kept up to date, operating efficiently without unnecessary regulatory burden, and is fair and fit-for-purpose.</p> <p>To fulfil this role, we monitor, review, and improve the legislative framework, assessing system performance with a long-term view.</p> <p>Regulatory Systems Bills are a key way we regularly update our primary legislation. In March 2021, our first Regulatory Systems Bill achieved Royal Assent. This Bill included provisions to clarify and modernise existing powers of exemption and enabled a new type of regulatory tool – Transport Instruments. These are a form of delegated legislation intended to allow the Minister to transfer responsibility for maintaining specific aspects of a Rule or Regulation to a specified person (such as the director of the relevant transport agency). The outcome is more frequent and efficient renewal of our legislation, leaving the Minister of Transport to focus their efforts on more significant decisions.</p> <p>We are now scoping up issues and undergoing policy development to inform the second Regulatory Systems Bill and will continue to develop and progress these types of Bills on an approximate two-year cycle.</p> <p>We also progressed the Parking Regulations Review. So far, the review has involved a systems assessment to determine the overall performance of the parking regulatory system and identify opportunities for improvement. Conversations with key stakeholders including local government and special interest groups have been an essential part of understanding the issues from all perspectives and shaping up the work streams going forward.</p> <p>As part of our ongoing stewardship work, we have been working closely with the transport agencies to triage issues and support legislative amendments of our rules and regulations to prevent regulatory failure. Together we are developing a new approach to Rule amendments – Regulatory Systems Rule Amendments. These will allow technical, minor, non-controversial changes to be combined with issues of low-level controversy (that are not significant enough to warrant stand-alone rule amendments) to be addressed through a single package.</p> |
| Transport sector funding review programme | <p>The Ministry established a new Transport Sector Funding Review Programme. This provides a structured multi-year programme for the delivery of funding reviews for the regulatory functions within Waka Kotahi, Civil Aviation Authority and Maritime New Zealand. A key focus for the programme will be considering current cost recovery policy settings within the context of ongoing COVID-19 impacts on the transport sector.</p> |
| Civil Aviation Bill | <p>The Ministry continued to progress work on the Civil Aviation Bill. This will repeal and replace New Zealand's two main pieces of primary aviation legislation – the Civil Aviation Act 1990 and the Airport Authorities Act 1966. During the year we worked to reflect the outcome of public consultation, and developed final policy proposals for consideration by Cabinet. We anticipate the Bill will be introduced early in the 2021/22 year.</p> |

OUR STRATEGIC FOCUS AREAS



Shaping the Future

We look for opportunities to shape a better future.

Decisions made today can have a lasting impact on future generations, so the Ministry must have a good grasp of trends that will influence the

future transport system, and ensure that we have the data, evidence and insights we need to make robust recommendations and decisions.

The Ministry has progressed a range of initiatives to help shape the future, including:



OUR STRATEGIC FOCUS AREAS

| | |
|---|--|
| Generational Investment Approach | <p>The Ministry is developing the Generational Investment Approach, or GIA, with other organisations in the transport system and related sectors to help decision-makers take a 30-50 year view of transport investment choices. The GIA enables organisations investing in the transport system to work together to identify and prioritise future choices at the earliest stage in the investment cycle. This complements the existing 3-10 year planning cycle by allowing decision-makers to see how current investment choices align with possible future needs.</p> <p>It will take 2-3 years to integrate the GIA into the way transport planning is carried out to the extent that it provides a view across the transport system. It is already being used to drive some of the most important medium- and longer-term planning in the system, such as the National Supply Chain and Freight Strategy.</p> |
| Emerging Aviation technologies | <p>In <i>Taking Flight</i>, released in 2019, the Ministry set a long-term objective for the safe integration of all aircraft in any given airspace, and ultimately within the wider transport system. Our vision is to create a thriving, innovative and safe drone sector.</p> <p>Over the last three years, we actively contributed to the development of an innovative and safe aviation sector and have led the cross-agency regulatory work programme to enable drone integration. In 2021, the Ministry released, for public consultation, the Discussion Document: <i>Enabling Drone Integration</i>, which proposed a series of regulatory measures which are necessary to enable integration. The proposed regulatory measures strike a balance between enabling integration and mitigating the risks posed to the public and other airspace users. The proposals were largely supported by the sector. Final policy proposals will be provided for government decision in late 2021.</p> <p>We have also supported the development of New Zealand's Aerospace Strategy. The Strategy will focus on identifying barriers that are faced by the aerospace sector, and address them by growing skills, capability, and capacity in the sector.</p> |
| Transport Indicators | <p>Transport Indicators provide an on-going mechanism to track the performance of the transport system in improving the wellbeing and liveability of New Zealanders. They are directly aligned to the Transport Outcomes Framework. During the last year, we have addressed some of the gaps in the indicator set by increasing the number of indicators from 31 to 36, and introduced an online dashboard to enhance usability. These improvements were made in response to feedback received from our stakeholders.</p> |
| Transport Evidence Base Strategy | <p>The <i>Transport Evidence Base Strategy</i> (TEBS) aims to create an environment where the right evidence is available and there is an established culture of evidence-based decision-making. It consists of complementary strategies and ongoing work programmes that collectively ensure the sector delivers an evidence-based transport system. During the last year, a set of actions was developed that will form the TEBS Implementation Plan. The plan supports TEBS core goal of ensuring there is provision for the transport sector having the right data, information, research and evaluation to deliver an evidence-based transport system that improves wellbeing and liveability.</p> |

OUR STRATEGIC FOCUS AREAS



Building our Capability

We are equipped with the right skills, tools and structures, and provide our people with the right opportunities to succeed.

The Ministry operates in a fast-paced environment with a heavy workload. We are always looking to enhance our capability and capacity; for ourselves, the transport sector and the wider public service.

There is strong demand across the public sector for staff with good policy skills and recruitment of the right people is an ongoing challenge.

We have continued to lift our capability over the last year. Implementation of Hei Arataki, our Māori Strategy, is well underway and the annual external review of the quality of our policy advice has seen a further improvement over previous years.

The Ministry has progressed a range of initiatives to build our capability, including:

| | |
|---|--|
| Hei Arataki – Ministry of Transport Māori Strategy | <p>The Ministry has implemented its Māori Strategy Hei Arataki to ensure that the transport system delivers a better transport system for Māori. Hei Arataki is a principles-based strategy underpinned by Te Tiriti o Waitangi and driven by the Ministry's Crown-Māori obligations and ambition.</p> <p>During the year progress focused on undertaking a Ministry-wide capability review, developing He Waka Maiangi which will look at Māori interactions and aspirations with and for the transport system, and supporting engagement with Māori on key transport policies. Partner agency networks form a key part of the Ministry's engagement approach.</p> <p>Hei Arataki was also the key driver in the visual identity refresh of the Ministry.</p> |
| Organisational systems and processes | <p>The Ministry has continued to implement our new risk management framework across the Ministry, and we are maintaining our focus on strengthening our corporate business systems. Our new Finance and Contract Management system went live in July 2020.</p> <p>We have an ongoing policy quality programme to build capability and enhance the quality of advice that we provide to the Minister of Transport.</p> <p>We have also continued to refresh our organisational policies and ensure that they are fit-for-purpose. As part of that, we largely completed a review of our Business Continuity Plan and its support arrangements.</p> |

OUR STRATEGIC FOCUS AREAS

| | |
|-------------------------------------|---|
| Gender Pay Action Plan | <p>The Ministry is committed to the Public Sector's action plan to increase gender equity and eliminate the gender pay gap. Over the past year we have improved our reporting to enable real time monitoring of our gender pay gap and made changes to HR processes designed to reduce bias at points in the employee lifecycle. Most significantly we have introduced a new step-based remuneration system designed in collaboration with the PSA. This system provides a structured and transparent mechanism to move people to the fully competent pay rate, reducing the potential for bias.</p> <p>We are currently working on our 2021-2022 Gender Pay Action Plan, which will be published by 30 September 2021. As of 30 June 2021, our overall gender pay gap was 11.6% (mean) and 8.1% (median). The gap reduces significantly when calculated for groups of people in the same or similar roles.</p> |
| Health, safety and wellbeing | <p>The Ministry recognises that wellbeing is good for work and good work is good for wellbeing. We continue to strengthen our culture to maintain a healthy work place 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.</p> <p>Our critical health & safety risks have been identified as mental wellbeing, fatigue, stress and remote working. Our focus has been on improving these factors by putting a health, safety, and wellbeing plan in place with strong focus on visibility and communication with our health and safety representatives. We have established comprehensive, quarterly reporting to our Senior Leadership Team and Risk and Assurance committee. This reporting is currently under review to enable further robust reporting. We have had six new Health and Safety Representatives complete HSR 1 training with a mental wellbeing training programme having been completed by all Health and Safety Representatives and members of the Human Resources team.</p> <p>We have further engaged our employees by completing surveys on what they feel would increase wellbeing at the Ministry, as well as completing a 'Speaking Up' survey focusing on whether our people feel safe to voice opinions and challenge norms.</p> <p>We have maintained a bi-annual site safety check and regularly make improvements to facilities based on feedback to ensure the safety of our people while they are in the office. Workstation assessments have been completed with all new employees and are offered virtually for those who require it.</p> <p>The key contributors to health and safety at the Ministry are the Health, Safety and Wellbeing committee (made up of representative across all groups who are focusing on having higher visibility across the Ministry), Human Resources and management teams.</p> |

Key Health and Safety Measures

| Type | 2020 / 21 |
|--|-----------|
| Incidents | 6 |
| No Injury / Near Miss | 6 |
| Work Related ACC Claims | 0 |
| Incidents requiring notification to WorkSafe | 0 |
| Other | 0 |

OUR STRATEGIC FOCUS AREAS

Te rereketanga me te whakauru | Diversity and Inclusion

The Ministry is committed to building and maintaining inclusive work practices and culture.

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

The Ministry focuses on five areas to build its diversity and inclusiveness:

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

Cultural Competence

The Ministry has developed and is implementing our Hei Arataki, our Māori Strategy. As part of our implementation we are undertaking a Māori Capability review to further assess the needs of the organisation. We have had 16 employees attend Treaty of Waitangi Training, 74 attend Te Reo Level 1 and 6 attend and complete Te Reo Level 2.

We have engaged with Māori focussed employment recruitment agency, *Mahi* to advertise vacancies and we have recently updated our logo and name to incorporate the Te Reo version, Te Manatū Waka as the first reference to our organisation, replacing “The Ministry of Transport”.

Addressing Bias

Unconscious bias training is currently mandatory for all leaders and the Human Resources (HR) team are in the process of making this mandatory for all employees. Unconscious bias modules are now sent to all employees as part of their induction process. The HR Team are in the process of including unconscious bias prompts in our interview collateral.

Addressing and eliminating biases within our workplace is a continuous area of focus for the Diversity & Inclusion Working Group, and Ministry leaders.

Inclusive Leadership

The HR Team have updated our induction programme to include a mandatory meet and greet for new staff with the Deputy Chief Executive in their area. In addition, the Chief Executive meets with all new starters as part of their induction process.

Building Relationships

The Ministry has a range of initiatives aimed at building relationships and making the Ministry a more attractive workplace for all staff.

Initiatives include:

- All of the Ministry's managers meet fortnightly as a leadership group to discuss a broad range of updates and issues across directorates
- We have a Principal Advisor Cohort for individuals at Principal level across different areas of the Ministry to share knowledge and ideas, and contribute to the Ministry's effectiveness
- We hold an annual rotation round for eligible employees to apply for rotation into other areas of the Ministry that they are interested in
- We hold regular Coffee Collabs. These are forums for teams and / or project leads across the Ministry to present to the rest of the organisation an overview on what is they are working on and why and to answer any questions others may have
- We hold a fortnightly "All MoT". This is a meeting hosted by our Chief Executive which all employees attend. This is an opportunity for our CE to provide high level updates from the Minister, Senior Leadership Team updates and any other updates across the organisation. Our CE also opens up the floor for any additional updates
- Managers also meet with their direct reports regularly on a 1:1 basis and hold regular team meetings.

Employee-led Networks

The Ministry has a number of active employee-led networks including a wāhine network, rainbow network, social club and a Diversity & Inclusion Working Group. We also work collaboratively with MSD on their reasonable accommodation programme and lead tool kit for disability accessibility work across the public sector.



Employee networks include a wāhine network, rainbow network, social club and a Diversity & Inclusion Working Group



We also work collaboratively with MSD on their reasonable accommodation programme

OUR STRATEGIC FOCUS AREAS

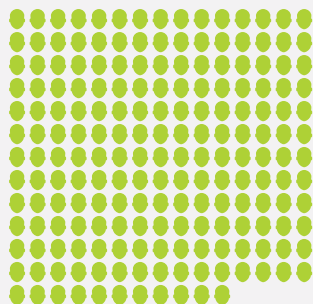
Key people metrics and core capacity

| As at 30 June | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|--|------------|------------|------------|------------|------------|
| Number of employees | | | | | |
| Policy development | 110 | 106 | 91 | 78 | 82 |
| Management | 27 | 28 | 25 | 24 | 19 |
| Administration | 54 | 41 | 50 | 53 | 22 |
| Total headcount | 191 | 175 | 166 | 155 | 123 |
| Turnover | 26% | 26% | 22% | 29% | 23% |
| Gender | | | | | |
| Women | 55% | 51% | 51% | 53% | 42% |
| Men | 45% | 49% | 49% | 47% | 58% |
| Ethnicity distribution | | | | | |
| NZ European | 71% | 66% | 66% | 76% | 68% |
| NZ Māori | 2% | 3% | 4% | 2% | 6% |
| Pacific peoples | 2% | 1% | 1% | 0% | 1% |
| Asian | 8% | 8% | 11% | 5% | 11% |
| Other European | 16% | 16% | 13% | 8% | 12% |
| Middle Eastern, Latin American and African | 1% | - | - | - | - |
| Age distribution (permanent staff) | | | | | |
| 20 – 29 | 27% | 21% | 23% | 23% | 21% |
| 30 – 39 | 30% | 31% | 26% | 23% | 19% |
| 40 – 49 | 18% | 19% | 19% | 24% | 23% |
| 50 – 59 | 20% | 23% | 25% | 23% | 27% |
| 60+ | 5% | 6% | 7% | 7% | 10% |

2020/21 numbers at a glance

Number of employees

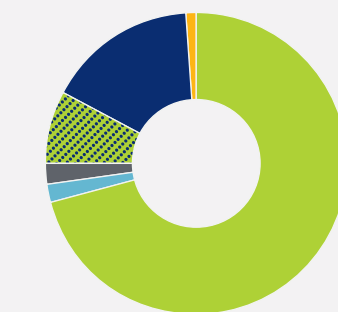
191



Gender

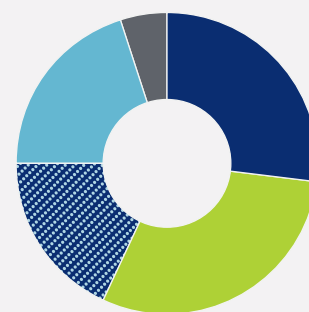
55%
women45%
men

Ethnicity distribution



● NZ European 71% ● Other European 16%
 ● NZ Māori 2% ● Middle Eastern, Latin American and African 1%
 ● Pacific peoples 2% ● Asian 8%

Age distribution



● 20-29 27% ● 50-59 20%
 ● 30-39 30% ● 60+ 5%
 ● 40-49 18%

Te whakahaere paearu ā Te Manatū | Ministry performance management

The Ministry is committed to increasing its overall effectiveness and ensuring that we are doing the best job we can with the resources available to us. To assess if we are achieving this, the Ministry focuses on the management of:

- inputs
- quality
- outcomes
- work programme.

Input management

The Ministry measures achievement against our business plan milestones to monitor progress and resource use.

Quality management

Each year, the Ministry has a sample of our policy advice papers externally reviewed. This review provides us with an independent view on the quality of our advice and areas we could focus on for improvement. It also enables us to see how the quality of our advice compares with other government agencies.

NZIER assessed our average score for 2020/21 as being 3.98 out of 5, an improvement on our score of 3.8 out of 5 from the previous year. NZIER also commented that we had achieved a significant step up in the quality of our policy advice in 2020/21 and that this placed us amongst the best agencies that they review.

In addition to these audits, we operate an internal panel to assess the quality of our advice, review how our regulatory impact statements meet the required standards, and monitor how our advice is accepted by the Minister.

Outcomes management

The Ministry monitors the progress that the whole transport sector is making, and monitors outcome indicators as the data is produced. Where necessary, changes in trends are escalated for review.

Work programme management

The output plan is a statement of the outcomes the Minister wants from the Ministry. We aim to achieve 95 percent or more of the milestones recorded in the output plan.

OUR STRATEGIC FOCUS AREAS

Key Ministry performance management measures 2020/21

| | 2020/21 | 2019/20 |
|---|---------------------------------|--------------------------------|
| Input management | | |
| To have 75 percent of policy project (business plan) milestones delivered each quarter | 69% | 68% |
| Quality management | | |
| At least 90 percent of regulatory impact statements are assessed as 'meets' or 'partially meets' the required standards | 100% | 100% |
| An external audit of policy advice papers assesses that our papers meet the quality criteria sufficiently | Achieved NZIER score of 3.98 | Achieved NZIER score of 3.8 |
| Outcomes management | | |
| Ministry reviews outcome indicators that show less progress is being made and considers whether further Ministry action is needed | Achieved | Achieved |
| Work programme management | | |
| 95 percent or more of output plan delivered as agreed with the Minister | No Result* | 61% |

*The Ministry did not have an Output Plan agreement with the Minister for 2020-21. This was due to the timing of the election, which was then delayed, and the time taken after the election to confirm priorities with the Minister. An Output Plan has been agreed with the Minister for 2021-22.



Te whakatū o ngā kaupapa here mai I tā mātou taunākī whakamāherehere 2018 – 2022 I roto I tēnei pūrongo ripoata ā tau | How policy initiatives from our Statement of Intent 2018 – 2022 are reported against in this Annual Report

This annual report is based on the Ministry's Statement of Intent 2018 – 2022 (SOI 2018). The SOI 2018 was structured around the then government's priorities as they related to transport. The government's priorities have changed over time and in this annual report we have described the progress that we have made in 2020/21 against the five transport outcomes and our strategic focus areas (as we did in our annual Report 2019/20).

For the policy initiatives that were identified in our SOI 2018, we have reported progress against these in this annual report (see pages 13 to 31). The only exceptions to this are for the following policy initiatives that were no longer deemed to be significant initiatives for 2020/21, were completed in prior years or are now being addressed through other work:

- Regional fuel tax initiative, now part of our business-as-usual work (this contributed to the 2018 Priority: Delivering liveable cities)
- International Engagement Strategy, not a significant initiative for 2020/21 (this contributed to the 2018 Priority: Ensuring that transport supports regional development outcomes)
- Electric vehicles initiative, reported in this annual report as part of the Moving to a low emissions vehicle fleet initiative (this contributed to the 2018 Priority: Transitioning New Zealand to a low carbon future)

- Upper North Island Supply Chain Study, work completed (this contributed to the 2018 Priority: Ensuring that transport supports regional development outcomes)
- Road Safety Strategy – medium-long term, work completed (this contributed to the 2018 Priority: Delivering a transport system which is resilient, safe to use, and manages and promotes health and other social benefits)
- Evaluation Strategy, now part of our business-as-usual work (this contributed to the 2018 Priority: Ensuring investment and regulatory settings further government priorities)
- Technology and innovation work programme, the key focus in 2020/21 has been on Emerging Aviation technologies which is reported on as a separate issue in this annual report (this contributed to the 2018 Priority: Ensuring investment and regulatory settings further government priorities).

5

In this annual report we have described our progress against our 5 transport outcomes

3

We have also described our progress against our 3 strategic focus areas

Section 4

Te mahi pūtea Financial Performance



Te taunākī kawenga | Statement of Responsibility

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

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

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Ministry
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2021 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 2022 and its operations for the year ending on that date.



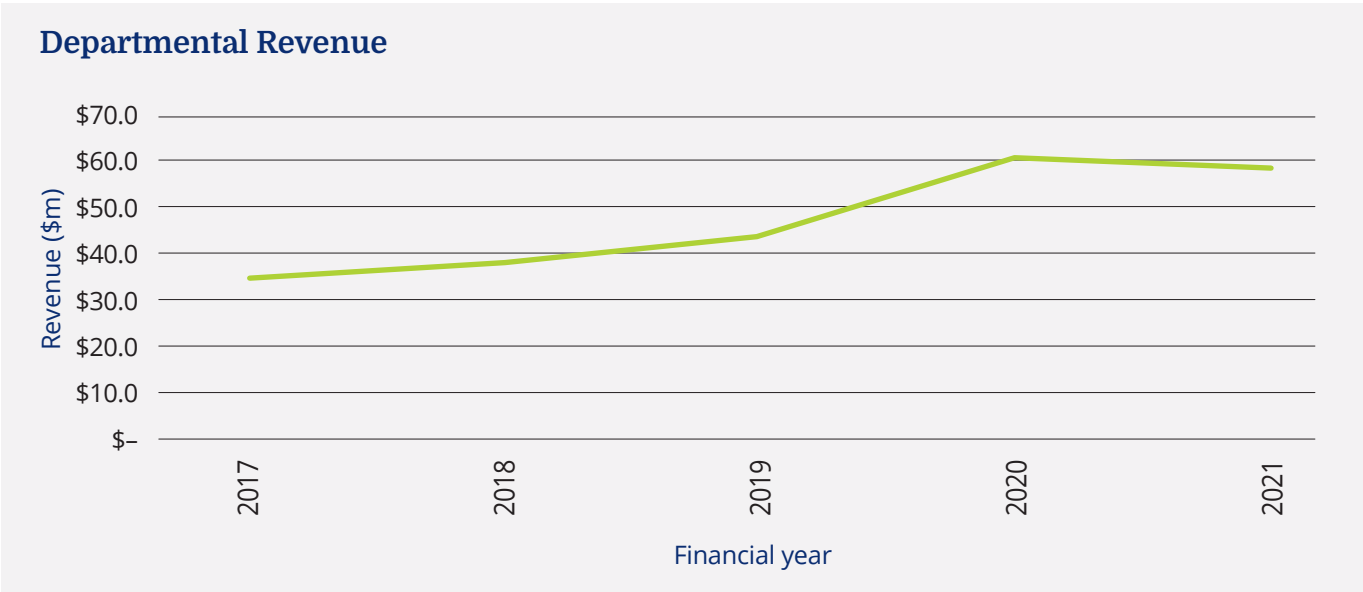
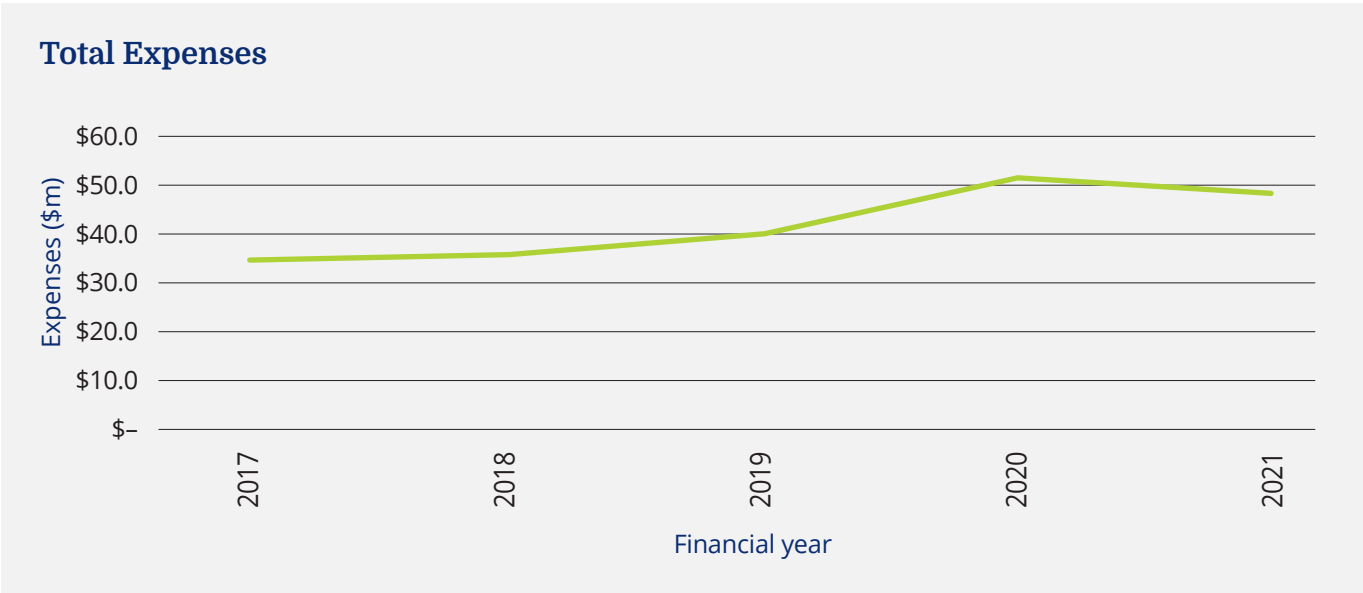
Peter Mersi

Chief Executive, Ministry of Transport
30 September 2021

FINANCIAL PERFORMANCE

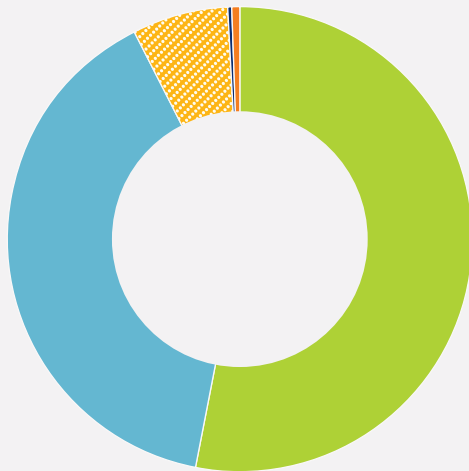
Te tirohanga whānui o te pūtea | Financial Overview

Departmental Trends



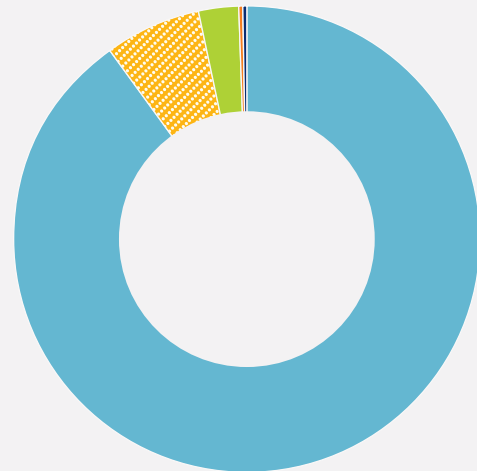
FINANCIAL PERFORMANCE

2020/21 Expenses (\$m)



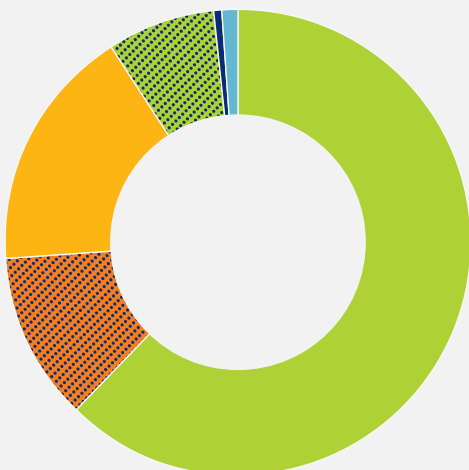
- Personnel expenses **\$25.49**
- Other operating expenses **\$18.90**
- Contractual payments to Crown entities **\$3.13**
- Capital charge **\$0.14**
- Depreciation and amortisation **\$0.23**

2020/21 Revenue (\$m)



- Transport – Policy advice, ministerial servicing, governance, and other functions **\$51.8**
- Search and Rescue Activity Coordination PLA **\$3.7**
- Crown entities and other departments **\$1.7**
- Milford Sound/ Piopiotahi Aerodrome landing fees **\$0.1**
- Other recoveries **\$0.1**

Other operating expenses (\$m)

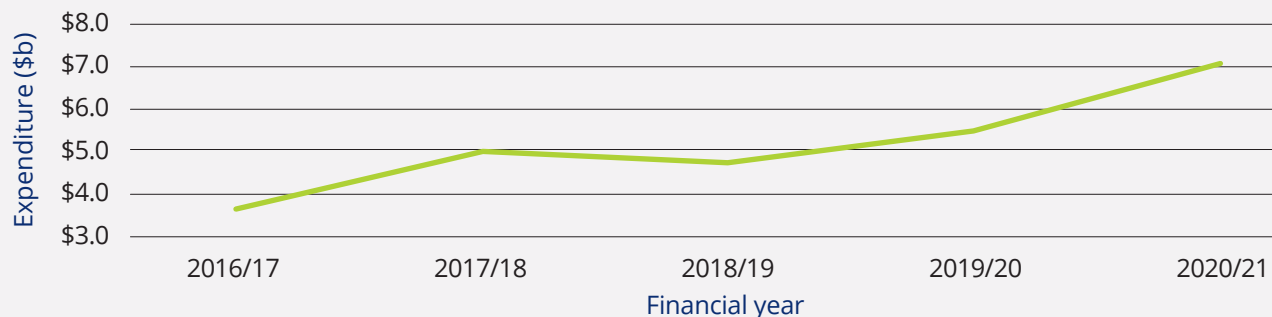


- Consultant, research and legal expenses **\$11.8**
- Other operating expenses **\$2.2**
- Information technology expenses **\$3.2**
- Operating lease payments **\$1.4**
- Audit NZ – the financial statement audit **\$0.1**
- Advertising and publicity **\$0.2**

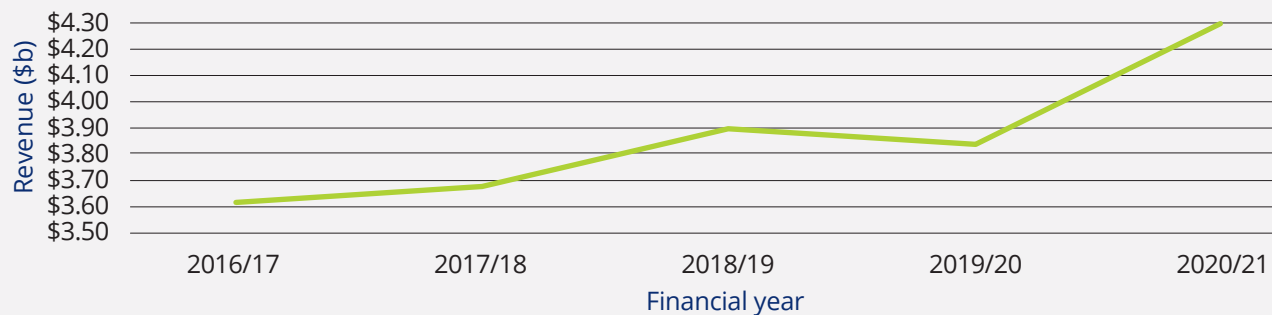
FINANCIAL PERFORMANCE

Non-departmental Trends

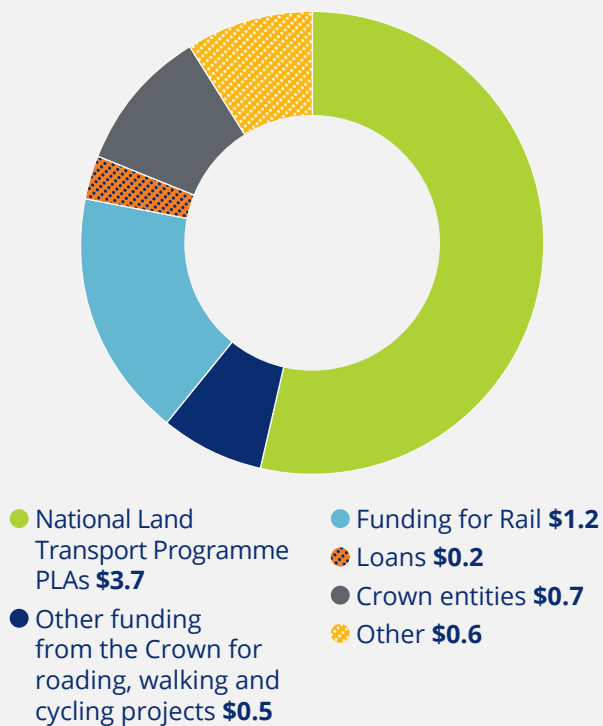
Vote Transport Expenditure



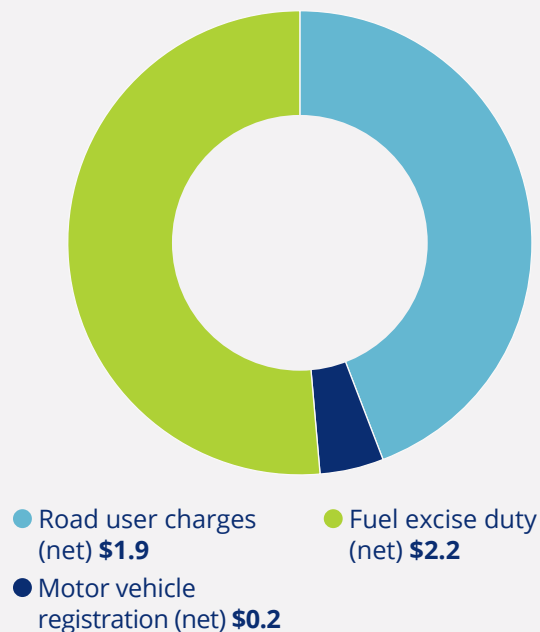
Land Transport Revenue



2020/21 Vote Transport expenditure (\$b)

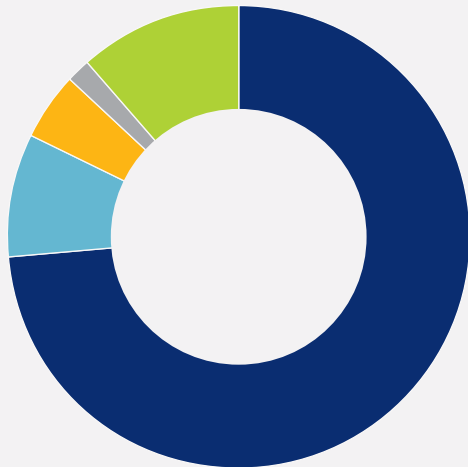


2020/21 Land Transport Revenue (\$b)



Key Work Programmes 2020/21

Tuawhenua Provincial Growth Fund (\$m)



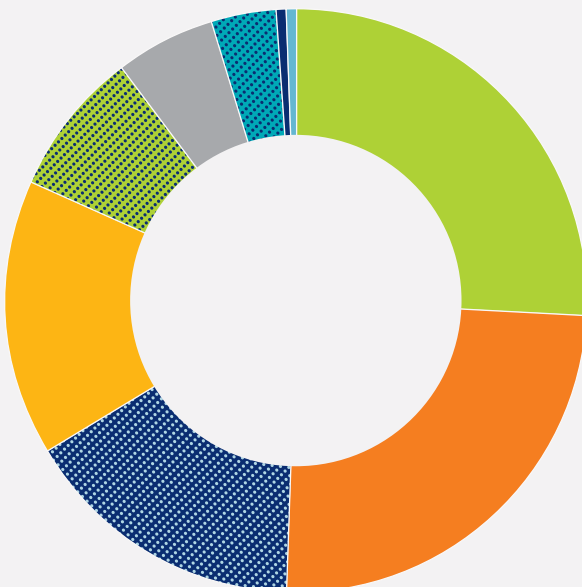
- Enabling Infrastructure Projects **\$145.1**
- Rail Projects **\$16.9**
- Infrastructure Projects **\$9.1**
- Supporting Regional and Infrastructure Projects **\$3.0**
- Regional Projects and Capability **\$22.3**

NZ Upgrade Programme (\$m)



- Roads, walking and cycling **\$267.24**
- Rail **\$129.7**

Covid-19 Response (\$m)



- Maintaining Airfreight Capacity MYA **\$337.2**
- COVID-19 - NLTF Operating Cost Pressure and Revenue Shortfall Funding **\$322.4**
- Equity Injection to Waka Kotahi NZ Transport Agency **\$205.2**
- COVID-19 - NLTF Borrowing Facility **\$200.0**
- Protection of Transport Sector Agency Core Functions **\$103.0**
- Meeting fees, charges and levies on behalf of airlines MYA **\$74.3**
- Maintaining international air services MYA **\$48.0**
- Maintaining Essential Transport Connectivity MYA **\$7.2**
- Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Functions **\$4.0**

FINANCIAL PERFORMANCE

Te mahi pūtea | Financial Performance

Column definitions

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

- **2020 Actual** – as published in the Ministry's Annual Report for the year ended 30 June 2020.
- **2021 Actual** – the audited actual figures for the current financial year.
- **2021 Budget** – as published in the Ministry's Budget Estimates Fiscal Update (BEFU) for the 2021 year and the Annual Report for the year ended 30 June 2020. This information is unaudited.
- **2021 Forecast** – as published in the Ministry's Supplementary Estimates for the 2021 year. This information is unaudited.
- **2022 Forecast** – as published in the Ministry's BEFU for the 2022 year. This information is unaudited. Refer to Note 1 for more information on 2022 Forecast figures.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2021

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

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|--|--|-----------|-------------------------|-------------------------|---------------------------|---------------------------|
| Revenue | | | | | | |
| 53,489 | Revenue Crown | 2 | 55,429 | 47,471 | 55,429 | 48,925 |
| 6,091 | Other revenue | 3 | 1,994 | 1,545 | 3,369 | 1,840 |
| 59,580 | Total revenue | | 57,423 | 49,016 | 58,798 | 50,765 |
| Expenses | | | | | | |
| 23,706 | Personnel expenses | 4 | 25,492 | 22,507 | 25,908 | 22,522 |
| 23,848 | Other operating expenses | 5 | 18,905 | 22,805 | 29,379 | 24,554 |
| 3,125 | Contractual payments to Crown entities | 6 | 3,134 | 3,138 | 3,138 | 3,138 |
| 169 | Capital charge | 7 | 141 | 169 | 128 | 154 |
| 199 | Depreciation – property, plant and equipment | 10 | 234 | 172 | 240 | 172 |
| 6 | Amortisation – intangible assets | 10 | 2 | 225 | 5 | 225 |
| 51,053 | Total expenses | | 47,908 | 49,016 | 58,798 | 50,765 |
| 8,527 | Net surplus | 14 | 9,515 | - | - | - |
| Other comprehensive revenue and expense | | | | | | |
| 14 | Gain on revaluation | | - | - | - | - |
| 8,541 | Total comprehensive revenue and expense | | 9,515 | - | - | - |

Explanations of major variances against the 2021 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Statement of Movements in Equity

For the year ended 30 June 2021

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|----------------------------|------|-------------------------|-------------------------|---------------------------|---------------------------|
| 2,810 | Balance at 1 July | | 2,824 | 5,890 | 2,824 | 2,824 |
| 8,527 | Net surplus | | 9,515 | - | - | - |
| 14 | Gain on revaluation | | - | - | - | - |
| | Owner transactions | | | | | |
| - | Capital contribution | | - | - | - | - |
| (8,527) | Provision to repay surplus | | (9,515) | - | - | - |
| 2,824 | Balance at 30 June | 8 | 2,824 | 5,890 | 2,824 | 2,824 |

Explanations of major variances against the 2021 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Statement of Financial Position

As at 30 June 2021

The Statement of Financial Position reports the total assets and liabilities of the Ministry as at 30 June 2021. Equity is represented by the difference between the assets and liabilities.

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|--------------------------------|--|----------|-------------------------|-------------------------|---------------------------|---------------------------|
| Equity | | | | | | |
| 1,947 | Taxpayers' funds | | 1,947 | 5,027 | 1,947 | 1,947 |
| 877 | Revaluation reserve – aerodrome | | 877 | 863 | 877 | 877 |
| 2,824 | Total equity | 8 | 2,824 | 5,890 | 2,824 | 2,824 |
| Represented by: | | | | | | |
| Current assets | | | | | | |
| 9,134 | Cash and cash equivalents | | 7,978 | 4,757 | 5,608 | 5,720 |
| 7,682 | Debtors, prepayments and other receivables | 9 | 11,316 | 2,048 | 2,904 | 2,904 |
| 16,816 | Total current assets | | 19,294 | 6,805 | 8,512 | 8,624 |
| Non-current assets | | | | | | |
| 1,999 | Property, plant and equipment | 10 | 1,785 | 4,880 | 1,779 | 1,607 |
| 5 | Intangible assets | 10 | 3 | 289 | - | 25 |
| 2,004 | Total non-current assets | | 1,788 | 5,169 | 1,779 | 1,632 |
| 18,820 | Total assets | | 21,082 | 11,974 | 10,291 | 10,256 |
| Current liabilities | | | | | | |
| 3,914 | Creditors and other payables | 11 | 5,279 | 3,658 | 4,228 | 4,228 |
| 2,168 | Employee entitlements | 12 | 2,159 | 1,244 | 1,851 | 1,851 |
| 35 | Provisions | 13 | 17 | - | 35 | - |
| 8,527 | Provision to repay surplus | | 9,515 | - | - | - |
| 14,644 | Total current liabilities | | 16,970 | 4,902 | 6,114 | 6,079 |
| Non-current liabilities | | | | | | |
| 1,352 | Employee entitlements | 12 | 1,287 | 1,182 | 1,353 | 1,353 |
| 1,352 | Total non-current liabilities | | 1,287 | 1,182 | 1,353 | 1,353 |
| 15,996 | Total liabilities | | 18,257 | 6,084 | 7,467 | 7,432 |
| 2,824 | Net assets | | 2,824 | 5,890 | 2,824 | 2,824 |

Explanations of major variances against the 2021 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2021

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

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|---|---|-----------|-------------------------|-------------------------|---------------------------|---------------------------|
| Cash flows from operating activities | | | | | | |
| 49,021 | Crown revenue | | 50,778 | 50,551 | 60,029 | 48,925 |
| 5,245 | Revenue from departments/Crown entities | | 1,849 | 1,220 | 2,567 | 1,515 |
| 275 | Other revenue | | 384 | 325 | 975 | 325 |
| (23,126) | Personnel costs | | (25,598) | (22,507) | (25,967) | (22,602) |
| (23,597) | Operating expenses | | (17,214) | (22,938) | (29,320) | (24,509) |
| (3,125) | Contractual payments to Crown entities | | (3,134) | (3,138) | (3,138) | (3,138) |
| 247 | Net GST received | | 396 | - | - | - |
| (169) | Capital charge | | (70) | (169) | (128) | (154) |
| 4,771 | Net cash flows from operating activities | 14 | 7,391 | 3,344 | 5,018 | 362 |
| Cash flows from investing activities | | | | | | |
| - | Purchase of property, plant and equipment | | (20) | (3,085) | (20) | - |
| - | Purchase of intangible assets | | - | (245) | - | (250) |
| - | Net cash flows from investing activities | | (20) | (3,330) | (20) | (250) |
| Cash flows from financing activities | | | | | | |
| (3,231) | Repayment of surplus | | (8,527) | - | (8,524) | - |
| (3,231) | Net cash flows from financing activities | | (8,527) | - | (8,524) | - |
| 1,540 | Net increase/(decrease) in cash held | | (1,156) | 14 | (3,526) | 112 |
| 7,594 | Cash at 1 July | | 9,134 | 4,743 | 9,134 | 5,608 |
| 9,134 | Total cash at 30 June | | 7,978 | 4,757 | 5,608 | 5,720 |

Explanations of major variances against the 2021 budget are provided in Note 17.

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Statement of Commitments

As at 30 June 2021

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.

| 2020 Actual \$000 | | 2021 Actual \$000 |
|--|--|-------------------------|
| Non-cancellable operating lease commitments | | |
| 1,239 | Not later than 1 year | 1,239 |
| 3,927 | Later than 1 year and not later than 5 years | 2,688 |
| - | Later than 5 years | - |
| 5,166 | Total non-cancellable operating lease commitments | 3,927 |

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

Capital commitments

The Ministry has no capital commitments as at 30 June 2021 (2020: nil).

Statement of contingent assets and liabilities

As at 30 June 2021

The Ministry has no contingent assets or liabilities as at 30 June 2021 (2020: nil).

The accompanying notes form part of these financial statements.

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

For the year ended 30 June 2021

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 2021.

The financial statements of the Ministry are for the year ended 30 June 2021. These financial statements were authorised for issue by the Chief Executive on 30 September 2021.

Basis of preparation

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

Statement of compliance

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

Measurement base

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

Functional and presentation currency

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

FINANCIAL PERFORMANCE

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

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

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes. This amendment is effective for the year ending 30 June 2022, with early adoption permitted. The Ministry does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Ministry has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The Ministry does not intend to early adopt the standard.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for the year ending 30 June 2023, with early adoption permitted. The Ministry has not yet determined how application of PBE FRS 48 will affect its statement of service performance. The Ministry does not intend to early adopt the 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.

Revenue Other – Exchange

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

Equity

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

Cash and cash equivalents

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

Income tax

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Statement of cost allocation policies

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

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

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

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

Forecast figures

Basis of preparation

The forecast figures, representing the Forecast Financial Statements, are those published in the BEFU for the year ended 30 June 2022, 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 2022, 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.
- There were a number of instances of significant one-off funding in 2020/21.
- Personnel costs were based on fully budgeted established positions including a 2% increase based on current salary for those eligible for an increase. We have applied the pay restraint guidance from the Public Service Commission.

- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred.

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

Authorisation statement

The Forecast Financial Statements were authorised for issue by the Chief Executive of the Ministry on 22 April 2021. The Chief Executive is responsible for the Forecast Financial Statements presented, including the appropriateness of the underlying assumptions and all other required disclosures.

Critical accounting estimates and assumptions

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

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

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

FINANCIAL PERFORMANCE

Note 2: Revenue Crown

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|--|-------------------------|---------------------------|---------------------------|
| 51,188 | Transport- Policy advice, ministerial servicing, governance, and other functions | 51,754 | 51,754 | 43,895 |
| 2,301 | Search and Rescue Activity Coordination PLA | 3,675 | 3,675 | 5,030 |
| 53,489 | Total revenue Crown | 55,429 | 55,429 | 48,925 |

Note 3: Other Revenue

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|---|-------------------------|---------------------------|---------------------------|
| 5,642 | Crown entities and other departments | 1,726 | 3,044 | 1,515 |
| 248 | Milford Sound/Piopiotahi Aerodrome landing fees | 148 | 325 | 325 |
| 201 | Other recoveries | 119 | - | - |
| 6,091 | Total other revenue | 1,994 | 3,369 | 1,840 |

Note 4: Personnel Expenses

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|------------------------------|--|-------------------------|---------------------------|---------------------------|
| 21,854 | Salary and wages | 24,488 | 24,644 | 21,112 |
| 670 | Employer contributions to defined contribution schemes | 723 | 741 | 530 |
| 352 | Other personnel costs | 378 | 479 | 700 |
| Changes to provisions | | | | |
| 668 | Annual leave | 25 | 35 | 145 |
| 17 | Long service leave | 29 | 1 | 4 |
| 145 | Retirement leave | (151) | 8 | 31 |
| 23,706 | Total personnel expenses | 25,492 | 25,908 | 22,522 |

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

Note 5: Other Operating Expenses

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|--|-------------------------|---------------------------|---------------------------|
| 17,930 | Consultant, research and legal expenses | 11,799 | 22,041 | 18,522 |
| 2,159 | Other operating expenses | 2,191 | 2,848 | 1,756 |
| 1,998 | Information technology expenses | 3,160 | 2,785 | 2,935 |
| 1,431 | Operating lease payments | 1,430 | 1,543 | 1,180 |
| 148 | Advertising and publicity | 186 | 56 | 75 |
| 100 | Audit NZ – the financial statement audit | 102 | 106 | 86 |
| 82 | Audit NZ – fees for other services | 37 | - | - |
| - | Loss on disposal of assets | - | - | - |
| 23,848 | Total other operating expenses | 18,905 | 29,379 | 24,554 |

The fees for other services from the auditor were for assurance services over the Essential Transport Connectivity, International Air Freight Capacity and Maintaining International Air Connectivity schemes (2020: assurance services over the delivery of light rail in Auckland and the International Air Freight Capacity and Essential Transport Connectivity schemes).

Note 6: Contractual Payments to Crown Entities

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|---|-------------------------|---------------------------|---------------------------|
| | Waka Kotahi NZ Transport Agency: | | | |
| 800 | For rules programme activity | 800 | 800 | 800 |
| 725 | For fuel excise duty refund activity | 734 | 738 | 738 |
| 800 | Civil Aviation Authority: for rules programme activity | 800 | 800 | 800 |
| 800 | Maritime New Zealand: for rules programme activity | 800 | 800 | 800 |
| 3,125 | Total contractual payments to Crown entities | 3,134 | 3,138 | 3,138 |

Note 7: Capital Charge

The Ministry pays a capital charge to the Crown based on its taxpayers' funds as at 30 June and 31 December each year for the previous 6 months. The capital charge rate for the year ended 30 June 2021 was 5 percent for both payments (2020: 6 percent for both payments).

FINANCIAL PERFORMANCE

Note 8: Equity

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------------------|----------------------------|-------------------------|---------------------------|---------------------------|
| Taxpayers' funds | | | | |
| 1,947 | Balance at 1 July | 1,947 | 1,947 | 1,947 |
| 8,527 | Net surplus/(deficit) | 9,515 | - | - |
| - | Capital contribution | - | - | - |
| (8,527) | Provision to repay surplus | (9,515) | - | - |
| 1,947 | Balance at 30 June | 1,947 | 1,947 | 1,947 |
| Property revaluation reserve | | | | |
| 863 | Balance at 1 July | 877 | 877 | 877 |
| 14 | Revaluation | - | - | - |
| 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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|---|-------------------------|---------------------------|---------------------------|
| Non-exchange | | | | |
| 6,396 | Due from the Crown | 11,047 | 1,793 | 1,793 |
| Exchange | | | | |
| 1,156 | Other receivables | 168 | 981 | 981 |
| 130 | Prepayments | 101 | 130 | 130 |
| 7,682 | Total debtors, prepayments and other receivables | 11,316 | 2,904 | 2,904 |

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 \$135 were past due at 30 June 2021 (2020: \$171,863).

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

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

A doubtful debt is created when there is no reasonable expectation of recovery for specific debts. The Ministry has no doubtful debt provisions as at 30 June 2021 (2020: \$2,144).

Note 10: Property, Plant and Equipment and Intangible Assets

| | Leasehold improvements \$000 | Plant and equipment \$000 | Milford Sound/ Piopiotahi Aerodrome \$000 | Intangible assets \$000 | Total \$000 |
|---|------------------------------------|---------------------------------|---|-------------------------------|----------------|
| Cost or valuation | | | | | |
| Balance at 1 July 2019 | 931 | 100 | 1,421 | 433 | 2,885 |
| Additions | - | - | - | - | - |
| Revaluation | - | - | (135) | - | (135) |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2020 | 931 | 100 | 1,286 | 433 | 2,750 |
| Balance at 1 July 2020 | 931 | 100 | 1,286 | 433 | 2,750 |
| Additions | - | 20 | - | - | 20 |
| Revaluations | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2021 | 931 | 120 | 1,286 | 433 | 2,770 |
| Accumulated depreciation | | | | | |
| Balance at 1 July 2019 | 43 | 96 | 129 | 422 | 690 |
| Depreciation/Amortisation | 162 | 4 | 33 | 6 | 205 |
| Revaluations | - | - | (149) | - | (149) |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2020 | 205 | 100 | 13 | 428 | 746 |
| Balance at 1 July 2020 | 205 | 100 | 13 | 428 | 746 |
| Depreciation/Amortisation | 175 | 4 | 55 | 2 | 236 |
| Revaluations | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Balance at 30 June 2021 | 380 | 104 | 68 | 430 | 982 |
| Carrying amounts | | | | | |
| At 1 July 2019 | 888 | 4 | 1,292 | 11 | 2,195 |
| At 30 June 2020 | 726 | - | 1,273 | 5 | 2,004 |
| At 30 June 2021 | 551 | 16 | 1,218 | 3 | 1,788 |
| Unaudited forecast at 30 June 2022 | 450 | 14 | 1,143 | 25 | 1,632 |

FINANCIAL PERFORMANCE**Additions**

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

Disposals

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

Depreciation/Amortisation

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

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

The Ministry threshold for fixed asset recognition is \$5,000 per item in line with Treasury guidance.

Milford Sound/Piopiotahi Aerodrome (the aerodrome) is revalued on a five yearly cycle. The aerodrome was valued at 31 March 2020 by an independent valuer, M Wyatt (Principal Engineer – Strategic Asset Management) of AECOM NZ Limited. The valuation was based on the aerodrome's optimised depreciated replacement cost. Impairment of the valuation is reassessed annually. The effects of COVID-19 have not materially affected the valuation.

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

There was no work in progress asset as at 30 June 2021 (2020: \$nil).

FINANCIAL PERFORMANCE

Note 11: Creditors and Other Payables

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|---|-------------------------|---------------------------|---------------------------|
| Exchange | | | | |
| 2,775 | Accrued expenses | 2,025 | 3,089 | 3,089 |
| - | Trade creditors under exchange transactions | 1,615 | - | - |
| 197 | Revenue received in advance | 301 | 197 | 197 |
| Non-exchange | | | | |
| 942 | GST payable | 1,338 | 942 | 942 |
| 3,914 | Total creditors and other payables | 5,279 | 4,228 | 4,228 |

Note 12: Employee Entitlements

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|--------------------------------|-------------------------------------|-------------------------|---------------------------|---------------------------|
| Current liabilities | | | | |
| 317 | Accrued salary | 435 | 210 | 210 |
| 1,575 | Annual leave | 1,504 | 1,365 | 1,365 |
| 81 | Long service leave | 80 | 81 | 81 |
| 170 | Retirement leave | 115 | 170 | 170 |
| 25 | Sick leave | 25 | 25 | 25 |
| 2,168 | Total of current portion | 2,159 | 1,851 | 1,851 |
| Non-current liabilities | | | | |
| 195 | Long service leave | 226 | 195 | 195 |
| 1,157 | Retirement leave | 1,061 | 1,158 | 1,158 |
| 1,352 | Total of non-current portion | 1,287 | 1,353 | 1,353 |
| 3,520 | Total employee entitlements | 3,446 | 3,204 | 3,204 |

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

| Discount rate | | | Salary Inflation | | |
|---------------|-------|-------|------------------|-------|-------|
| | 2021 | 2020 | | 2021 | 2020 |
| Year 1 | 0.38% | 0.22% | Year 0 | 0.00% | 0.00% |
| Year 2 | 0.81% | 0.25% | Year 1 | 2.00% | 1.00% |
| Year 3+ | 3.08% | 1.63% | Year 2+ | 3.08% | 2.72% |

FINANCIAL PERFORMANCE

Note 13: Provisions

| | Onerous Lease \$000 | Holidays Act compliance \$000 | Total \$000 |
|--------------------------------|---------------------------|--|----------------|
| Balance at 1 July 2019 | 18 | 115 | 133 |
| New provision | - | 35 | 35 |
| Release of provision | (18) | (115) | (133) |
| Balance at 1 July 2020 | - | 35 | 35 |
| New provision | - | 10 | 10 |
| Release of provision | - | (28) | (28) |
| Balance at 30 June 2021 | - | 17 | 17 |
| Current liabilities | - | 17 | 17 |
| Non-current liabilities | - | - | - |

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

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|-------------------------|--|-------------------------|---------------------------|---------------------------|
| 8,527 | Net surplus | 9,515 | - | - |
| | Add non-cash items | | | |
| 199 | Depreciation of property, plant and equipment | 234 | 240 | 172 |
| 6 | Amortisation of intangible assets | 2 | 5 | 225 |
| - | Loss on disposal of assets | - | - | - |
| 205 | Total of non-cash items | 236 | 245 | 397 |
| | Add/(deduct) movements in working capital items | | | |
| (5,212) | (Increase)/decrease in debtors and other receivables | (3,634) | 4,773 | - |
| 366 | Increase/(decrease) in payables and provisions | 1,348 | - | (35) |
| 885 | Increase/(decrease) in employee entitlements | (74) | - | - |
| (3,961) | Net movements in working capital items | (2,360) | 4,773 | (35) |
| 4,771 | Net cash flows from operating activities | 7,391 | 5,018 | 362 |

Note 15: Categories of Financial Instruments

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Forecast \$000 | 2022 Forecast \$000 |
|---|-------------------------------|-------------------------|---------------------------|---------------------------|
| Financial assets measured at amortised cost | | | | |
| 9,134 | Cash and cash equivalents | 7,978 | 5,608 | 5,720 |
| 7,551 | Debtors and other receivables | 11,316 | 2,904 | 2,904 |
| Financial liabilities measured at amortised cost | | | | |
| 3,717 | Creditors and other payables | 5,279 | 4,228 | 4,228 |

Note 16: Related Party Information

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

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

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

Transactions with key management personnel

The Ministry did not enter into any transactions with key management personnel or their close families in 2020/21 (2020: nil).

Key management personnel compensation

| 2020 Actual \$000 | | 2021 Actual \$000 |
|-------------------------|--|-------------------------|
| 2,098 | Salaries and other short-term employee benefits | 2,092 |
| 2,098 | Total key management personnel compensation | 2,092 |

For the year ending 30 June 2021, key management personnel comprised of 7 FTE (2020: 7 FTE), including the Chief Executive and the members of the Senior Leadership Team.

In 2020/21, no termination benefits were paid to key management personnel (2020: no termination benefits were paid to key management personnel).

FINANCIAL PERFORMANCE**Note 17: Explanation of Major Variances against Budget 2021 Figures**

Explanations for major variances from the Ministry's original 2020/21 budget figures are as follows:

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

Crown revenue was \$7.958 million higher than originally budgeted due to funding being carried forward from 2019/20 to 2020/21 including funding for the Green Transport Card, Auckland Light Rail, Maintaining Airfreight Capacity, Transport Connectivity Programme, Future of Rail, and City Rail Link Limited Monitoring.

Expenses**Personnel Expenses**

Personnel costs were greater than budgeted by \$2.985 million due to higher staff numbers as a result of the COVID-19 response. A number of new employees were hired to manage COVID-19 specific initiatives such as the aviation relief and transport connectivity schemes. There were also a number of new initiatives within the Transport sector in 2020/21 that required additional resource.

Other Operating Expenses

Other operating expenses was below budget by \$3.900 million primarily relating to underspends on consultants and contractors. This was due to delays in a number of projects, including the \$3.640 million Community Connect Card project (previously called the Green Card). There were also a number of projects delayed due to the reprioritisation of resources to COVID-19 priorities.

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

Actual cash balance is \$3.221 million more than budget due to the underspends discussed above. Due to the effects of COVID-19, a number of projects were delayed resulting in lower than forecasted cash outflow.

Property, Plant and Equipment

Property, Plant and Equipment is \$3.095 million less than originally budgeted as the proposed work to reseal the Milford Sound/Piopiotahi Aerodrome runway, apron and taxiway did not progress. Due to COVID-19, the level of traffic at the aerodrome has decreased significantly and the proposed work has been deferred.

Liabilities**Employee entitlements**

Employee entitlements was \$1.020 million above forecast largely due to an increase in number of employees and an increase in length of service for a number of employees. There has also been an increase in the annual leave liability and time off in lieu balance as a result of the COVID-19 lockdown.

Provision to repay surplus

Due to the underspend in 2020/21, the Ministry has recognised a surplus of \$9.515 million which will be repaid to the Crown.

Equity**Taxpayers' funds**

Capital contribution is \$3.080 million less than originally budgeted as the proposed work to reseal the Milford Sound/Piopiotahi Aerodrome runway, apron and taxiway did not progress. Due to COVID-19, the level of traffic at the aerodrome has decreased significantly and the proposed work has been deferred.

Statement of Cash Flows

Cash outflows for personnel costs were higher than budgeted due to higher staff numbers as result of the COVID-19 response and to resource a number of new Transport initiatives, while cash outflows for operating expenses were lower than budgeted due to project delays and reprioritisation of resources due to COVID-19. Cash outflows from investing activities were also lower than expected as the proposed work to reseal the Milford Sound/Piopiotahi Aerodrome runway, apron and taxiway has been deferred.

Note 18: Events after Balance Sheet Date

On Tuesday, 17 August 2021, the Government announced that New Zealand would enter into Alert Level 4 as a result of an outbreak of the Delta variant of COVID-19. New Zealand remained at Alert Level 4 until 31 August 2021, when New Zealand south of Auckland (and then Northland from 2 September 2021) moved to Alert Level 3. New Zealand (except Auckland) moved to Alert Level 2 on 7 September. Auckland moved to Alert Level 3 on 21 September 2021.

Impact on operations

During Alert Level 4 and 3, Ministry staff were able to work from home, and the Ministry was able to carry out its services meaning the impact on operations was minimal.

Valuation of the Milford Sound/ Piopiotahi Aerodrome

The Aerodrome was independently valued in the prior year. The valuation is based on optimised depreciated replacement cost and there are no indications that there has been a material movement in the valuation of the Aerodrome as a result of COVID-19.

Receivables impairment

The Ministry's receivables are primarily with the Crown or other Crown-owned entities, where the risk of non-payment is very low. Therefore, the Ministry has determined that there is no material increase in the expected credit losses for receivables as a result of the COVID-19 pandemic.

(2020: A review of the Corporate Services group was announced on 7 July 2020, with the final decision regarding the restructure announced on 28 July 2020).

FINANCIAL PERFORMANCE

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

Schedule of Non-Departmental Revenue and Receipts

For the year ended 30 June 2021

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

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|------|-------------------------|-------------------------|---------------------------|
| 1,873,805 | Indirect taxation | 2 | 2,094,013 | 1,819,852 | 2,045,160 |
| 192 | Other 'sovereign power' revenue | 3 | 206 | 1,300 | 1,300 |
| 10,811 | Other operational revenue | 4 | 11,774 | 8,760 | 8,760 |
| (57,468) | Share of net asset increase/(decrease) in joint ventures | | (38,854) | - | - |
| 1,827,340 | Total non-departmental revenue and receipts | | 2,067,139 | 1,829,912 | 2,055,220 |

Schedule of Non-Departmental Expenses

For the year ended 30 June 2021

This schedule summarises expenses the Ministry administers on behalf of the Crown.
Further details are provided in the appropriation statements.

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|------|-------------------------|-------------------------|---------------------------|
| 2,809,657 | Non-departmental output classes | 5 | 3,304,144 | 3,510,546 | 3,122,575 |
| 119,785 | Other expenses to be incurred by the Crown | 6 | 556,280 | 261,864 | 630,451 |
| 93,214 | Non-departmental multi-category appropriation expenses | | 508,200 | 143,349 | 709,403 |
| 7,357 | Bad debts expense | | 2,949 | 4,000 | 8,000 |
| 8,793 | Movement in doubtful debts provision | | 17,410 | - | - |
| 452,825 | GST expenses | | 600,025 | 587,837 | 670,437 |
| 3,491,632 | Total non-departmental expenses | | 4,989,008 | 4,507,596 | 5,140,866 |

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 2021.

The accompanying notes form part of these financial statements.

Schedule of Non-Departmental Assets

As at 30 June 2021

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

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|---------------------------|--------------------------------------|------|-------------------------|-------------------------|---------------------------|
| Current assets | | | | | |
| 25,100 | Cash and cash equivalents | | 39,290 | 20,000 | 25,421 |
| 80,167 | Receivables and advances | 7 | 174,041 | 53,856 | 80,168 |
| Non-current assets | | | | | |
| 562,537 | Investment in joint ventures | 8 | 918,983 | 997,685 | 975,581 |
| 667,804 | Total non-departmental assets | | 1,132,314 | 1,071,541 | 1,081,170 |

In addition, the Ministry monitors four Crown entities:

- Civil Aviation Authority (which includes the Aviation Security Service)
- Maritime New Zealand
- Waka Kotahi
- 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

As at 30 June 2021

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

| 2020 Actual \$000 | | Note | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|----------------------------|---|------|-------------------------|-------------------------|---------------------------|
| Current liabilities | | | | | |
| 465,133 | Payables | 10 | 605,820 | 442,970 | 474,992 |
| 465,133 | Total non-departmental liabilities | | 605,820 | 442,970 | 474,992 |

The accompanying notes form part of these financial statements.

FINANCIAL PERFORMANCE

Statement of Non-Departmental Commitments

As at 30 June 2021

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.

| 2020 Actual \$000 | | 2021 Actual \$000 |
|---|--|-------------------------|
| Operating commitments | | |
| 76,055 | Other non-cancellable contracts for the supply of goods and services | 51,347 |
| 76,055 | Total operating commitments | 51,347 |
| Term classification of commitments | | |
| 24,708 | Not later than 1 year | 25,623 |
| 51,347 | Later than 1 year and not later than 5 years | 25,724 |
| - | Later than 5 years | - |
| 76,055 | Total operating commitments | 51,347 |

Statement of Non-Departmental Contingent Liabilities

As at 30 June 2021

This statement discloses situations which exist at 30 June 2021, 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.

| 2020 Actual \$000 | | 2021 Actual \$000 |
|-------------------------|---|-------------------------|
| 10,000 | Transport Accident Investigation Commission emergency guarantee | 10,000 |
| 10,000 | Total contingent liabilities | 10,000 |

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

The accompanying notes form part of these financial statements.

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

For the year ended 30 June 2021

Note 2: Indirect Taxation

Indirect taxation 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 and motor vehicle licensing fees are recognised on an accrual basis. Revenues from tolling and infringement fees are recognised on a cash basis.

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---------------------------------|-------------------------|-------------------------|---------------------------|
| 1,716,051 | Road user charges | 1,930,199 | 1,663,154 | 1,897,448 |
| 225,634 | Motor vehicle registration fees | 231,406 | 227,054 | 223,629 |
| 1,941,685 | Sub-total | 2,161,605 | 1,890,208 | 2,121,077 |
| (67,880) | Fuel excise duty refunds | (67,592) | (70,356) | (75,917) |
| 1,873,805 | Total indirect taxation | 2,094,013 | 1,819,852 | 2,045,160 |

Note 3: Other 'Sovereign Power' Revenue

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 192 | Infringement fees – tolls and other | 206 | 1,300 | 1,300 |
| 192 | Total other 'sovereign power' revenue | 206 | 1,300 | 1,300 |

Note 4: Other Operational Revenue

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 10,225 | Tolling revenue (Note 9) | 11,290 | 8,400 | 8,400 |
| 428 | Road user charges administration fees | 484 | 360 | 360 |
| 159 | Other revenue | - | - | - |
| 10,811 | Total other operational revenue | 11,774 | 8,760 | 8,760 |

Note 5: Non-Departmental Output Classes

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 2,809,657 | This expense item is equal to the appropriations for non-departmental output classes listed in the appropriation statements | 3,304,144 | 3,510,546 | 3,122,575 |
| 2,809,657 | Total non-departmental output classes | 3,304,144 | 3,510,546 | 3,122,575 |

FINANCIAL PERFORMANCE

Note 6: Other Expenses to be Incurred by the Crown

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 119,785 | This expense item is equal to the appropriations for non-departmental other expenses listed in the appropriation statements, less bad debts | 556,280 | 261,864 | 630,451 |
| 119,785 | Total other expenses to be incurred by the Crown | 556,280 | 261,864 | 630,451 |

Note 7: Receivables

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-----------------------------|---|-------------------------|-------------------------|---------------------------|
| Non-exchange revenue | | | | |
| 66,370 | Motor vehicle registration fees | 26,786 | 31,479 | 48,222 |
| 41,499 | Road user charge revenue | 59,278 | 19,683 | 30,151 |
| 107,869 | Total non-exchange revenue receivables | 86,064 | 51,162 | 78,373 |
| Exchange revenue | | | | |
| 1,720 | Tolling revenue | 2,883 | 2,694 | 1,795 |
| 74 | Miscellaneous revenue | - | - | - |
| - | KiwiRail return of insurance funding | 132,000 | - | - |
| 1,794 | Total exchange revenue receivables | 134,883 | 2,694 | 1,795 |
| 109,663 | Sub-total | 220,947 | 53,856 | 80,168 |
| (29,496) | Provision for doubtful debts | (46,906) | - | - |
| 80,167 | Total receivables | 174,041 | 53,856 | 80,168 |

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.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation, or all reasonable efforts to contact the customer being exhausted.

The Ministry has considered the revenue receivable balance from KiwiRail of \$132 million and deem the full balance as recoverable. This has been excluded from the analysis below.

The ageing profile of receivables is shown below.

| 2019/2020 | | | | 2020/2021 | | |
|----------------|---------------------|---------------|---------------------|----------------|---------------------|---------------|
| Gross \$000 | Impairment \$000 | Net \$000 | | Gross \$000 | Impairment \$000 | Net \$000 |
| 74,550 | (2,480) | 72,069 | Not past due | 36,738 | (2,978) | 33,760 |
| 5,363 | (3,139) | 2,225 | Past due 1-30 days | 4,889 | (3,229) | 1,660 |
| 2,466 | (1,761) | 705 | Past due 31-60 days | 3,569 | (2,512) | 1,057 |
| 9,147 | (7,332) | 1,815 | Past due 61-90 days | 6,593 | (5,674) | 919 |
| 18,068 | (14,784) | 3,284 | Past due > 90 days | 37,158 | (32,514) | 4,644 |
| 109,594 | (29,496) | 80,098 | Total | 88,947 | (46,907) | 42,040 |

FINANCIAL PERFORMANCE

The expected credit loss rates for receivables at 30 June 2021 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 2021 was determined as follows:

| 30 June 2021 | Receivable days past due | | | | | |
|---------------------------------------|--------------------------|-------------------|-------------------|-------------------|--------------------|--------|
| | Current | More than 30 days | More than 60 days | More than 90 days | More than 180 days | Total |
| Expected credit loss rate | 8.10% | 66.05% | 70.39% | 86.06% | 87.50% | - |
| Gross carrying amount (\$000) | 36,738 | 4,889 | 3,569 | 6,593 | 37,158 | 88,947 |
| Lifetime expected credit loss (\$000) | 2,978 | 3,229 | 2,512 | 5,674 | 32,514 | 46,907 |

A sensitivity analysis of increases in the expected credit losses due to impact of economic conditions still generated by COVID-19 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 economic conditions on the expected credit losses is not considered to have a material impact on the balance sheet.

| | Actual increase in loss \$000 | 10% increase in loss \$000 | 15% increase in loss \$000 | 20% increase in loss \$000 | 30% increase in loss \$000 |
|-------------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Not past due | 2,978 | 3,269 | 3,414 | 3,560 | 3,851 |
| Past due 1-30 days | 3,229 | 3,468 | 3,587 | 3,706 | 3,945 |
| Past due 31-60 days | 2,512 | 2,751 | 2,870 | 2,990 | 3,228 |
| Past due 61-90 days | 5,674 | 6,064 | 6,523 | 6,523 | 6,523 |
| Past due over 90 days | 32,514 | 32,533 | 35,874 | 35,874 | 35,874 |
| Total | 46,907 | 48,085 | 52,268 | 52,653 | 53,421 |
| Movement | | 1,178 | 5,362 | 5,747 | 6,515 |
| Percentage of movement | | 3% | 11% | 12% | 14% |

FINANCIAL PERFORMANCE

Note 8: Investment in Joint Ventures

| 2020 Actual \$000 | | 2021 Actual \$000 |
|-------------------------|---|-------------------------|
| 14,159 | Joint venture airports | 15,583 |
| 548,378 | City Rail Link Limited | 903,400 |
| 562,537 | Total investment in joint ventures | 918,983 |

Joint Venture Airports

| 2020 Actual \$000 | | 2021 Actual \$000 |
|-------------------------|--|-------------------------|
| (995) | Gains/(losses) generated by joint ventures | 1,125 |
| (995) | Share of net asset increase/(decrease) in joint ventures | 1,125 |
| 1,159 | Capital payments made during the year | 299 |
| 164 | Total change in investment value | 1,424 |

Joint Venture Airports

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 2021 is based on the annual financial statements of each airport for the year ended 30 June 2020, plus capital contributions from the Crown during the year ended 30 June 2021.

City Rail Link Limited

| 2020 Actual \$000 | | 2021 Actual \$000 |
|-------------------------|--|-------------------------|
| (56,474) | Gains/(losses) generated by joint ventures | (39,979) |
| (56,474) | Share of net asset increase/(decrease) in joint ventures | (39,979) |
| 258,000 | Capital payments made during the year | 395,000 |
| 201,527 | Total change in investment value | 355,021 |

City Rail Link Limited

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

For the year ended 30 June 2021, CRL recognised revenue of \$3 million (2020: \$2 million), a deficit of \$80 million (2020: \$113 million), assets of \$1,878 million (2020: \$1,158 million), liabilities of \$71 million (2020: \$61 million) and equity of \$1,807 million (2020: \$1,097 million).

The Crown also recognises a 50% share of capital commitments held by CRL of \$1,676 million (2020: \$1,598 million).

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 2021. 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

| 2020 Actual \$000 | | 2021 Actual \$000 |
|-------------------------|---|-------------------------|
| 158,000 | Funding provided for construction | 158,000 |
| 149,651 | Notional interest charged since funding first drawn | 155,703 |
| (94,575) | Tolling revenue since February 2009 | (105,865) |
| 213,076 | Balance at 30 June | 207,838 |

Current year

| 2020 Actual \$000 | | 2021 Actual \$000 |
|-------------------------|---------------------------------------|-------------------------|
| 217,212 | Balance at 1 July | 213,076 |
| 6,089 | Notional interest charge for the year | 6,052 |
| (10,225) | Tolling revenue for the year | (11,290) |
| 213,076 | Balance at 30 June | 207,838 |

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Note 10: Payables

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 361,339 | National Land Transport Fund revenue and output funding payable to Waka Kotahi | 524,850 | 400,000 | 400,000 |
| 29,088 | GST payable | 25,793 | 21,629 | 29,087 |
| 12,148 | Motor vehicle registration third party collections | 12,669 | 13,481 | 19,860 |
| 21,379 | Output funding payable to KiwiRail | 19,197 | 4,693 | 21,379 |
| 2,854 | Road user charges refunds | 3,045 | 3,167 | 4,666 |
| 416 | Output funding payable to Maritime New Zealand | 1,241 | - | - |
| 273 | Output funding payable to Civil Aviation Authority | 196 | - | - |
| 28,096 | Output funding payable to Air New Zealand | 15,431 | - | - |
| 9,541 | Output funding payable to other parties | 3,398 | - | - |
| 465,133 | Total payables | 605,820 | 442,970 | 474,992 |

Note 11: Financial Instruments

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

| 2020 Actual \$000 | | 2021 Actual \$000 |
|---|---|-------------------------|
| Financial assets at amortised cost | | |
| 25,100 | Cash and cash equivalents | 39,290 |
| 80,167 | Receivables and advances | 174,041 |
| 105,267 | Total loans and receivables | 213,331 |
| Financial liabilities measured at amortised cost | | |
| 465,133 | Payables | 605,820 |
| 465,133 | Total financial liabilities measured at amortised cost | 605,820 |

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 2020/21 budget figures are as follows:

Schedule of non-departmental revenue and receipts

Total revenue and receipts were \$237.227 million higher than originally budgeted. The Ministry, along with Waka Kotahi, performed a revenue reforecast to take into account the effects of COVID-19, however, revenues from road user charges have recovered faster than expected.

Schedule of non-departmental expenses

Non-departmental expenses were \$481.412 million higher than originally budgeted. This is largely due to the extension of a number of COVID-19 related response schemes such as the aviation relief and essential transport connectivity schemes that were not included in the original budget. A new appropriation was also established during the financial year to support the National Land Transport Fund's revenue shortfall and assist in meeting COVID-19 related costs.

Schedule of non-departmental assets

Receivables were \$120.185 million higher than budgeted due to the \$132 million receivable recorded to account for the surplus of insurance proceeds received by KiwiRail for the Main North Line project. This was offset by the lower than budgeted investment into City Rail Link Limited and Joint Venture Airports.

Schedule of non-departmental liabilities

Non-departmental liabilities were \$162.850 million more than originally budgeted due to COVID-19 funding costs incurred but not paid out at year end. Due to the nature of the funding, requests are received from agencies and airlines with short notice.

FINANCIAL PERFORMANCE

Ngā tauākī tika | Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation, or other authority administered by the Ministry for the year ended 30 June 2021.

Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred against Appropriations

For the year ended 30 June 2021

Annual and permanent appropriations for Vote Transport

| 2020 Actual \$000 | Appropriation title | 2021 Actual \$000 | 2021 Forecast \$000 | End-of-year performance information location* |
|---|---|-------------------------|---------------------------|--|
| Departmental output expenses | | | | |
| 725 | Fuel Excise Duty Refund Administration | | | |
| 408 | Milford Sound/Piopiotahi Aerodrome Operation and Administration | | | |
| 2,111 | Search and Rescue Activity Coordination PLA | 2,266 | 3,675 | 1 |
| 953 | Search and Rescue Training and Training Coordination | 1,225 | 1,584 | 1 |
| - | Transport – Policy advice, ministerial servicing, governance, and other functions | 44,416 | 52,849 | 1 |
| 4,197 | Total departmental output expenses | 47,907 | 58,108 | |
| Departmental capital expenditure | | | | |
| - | Ministry of Transport – Capital Expenditure PLA | 20 | 20 | 1 |
| - | Total departmental output expenses | 20 | 20 | |
| Non-departmental output expenses | | | | |
| 5,520 | Accident or Incident Investigation and Reporting | 6,071 | 6,604 | 2 |
| 215 | Administration of the Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme | 114 | 178 | 4 |
| 775 | Crash Analysis | 775 | 775 | 3 |
| - | Enhanced Road Maintenance – State Highways | 1,500 | 1,500 | 3 |
| 1,174 | Health and Safety at Work Activities – Civil Aviation | 1,201 | 1,201 | 4 |
| 6,192 | Health and Safety at Work Activities – Maritime | 6,194 | 6,194 | 5 |
| 1,993 | Licensing Activities | 1,927 | 2,550 | 3 |
| 145 | Maritime Port Security | 145 | 145 | 4 |
| 548 | Ministerial Servicing by the New Zealand Transport Agency | 548 | 548 | 3 |
| 2,719,404 | National Land Transport Programme PLA** | 3,122,419 | 2,912,929 | 3 |
| 8,229 | Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Functions MYA | 3,989 | 4,771 | 3 |

FINANCIAL PERFORMANCE

| 2020 Actual \$000 | Appropriation title | 2021 Actual \$000 | 2021 Forecast \$000 | End-of-year performance information location* |
|-------------------------|--|-------------------------|---------------------------|--|
| 13,000 | Protection of Transport Sector Agency Core Functions MYA | 103,043 | 121,850 | 4, 5 |
| - | - Rail – Grants | - | 4,000 | 6, 7 |
| 8,400 | Rail – Maintaining an Electric Locomotive Fleet MYA | 1,424 | 3,235 | 6, 7 |
| 3,779 | Road User Charges Investigation and Enforcement | 3,779 | 3,779 | 3 |
| 450 | Road User Charges Refunds | 450 | 450 | 3 |
| 3,231 | Search and Rescue Activities | 3,231 | 3,231 | 5 |
| 11,942 | Search and Rescue and Recreational Boating Safety Activities PLA | 22,531 | 23,832 | 6 |
| 95 | SuperGold card – Administration of the Public Transport Concessions Scheme | 95 | 95 | 3 |
| 24,565 | Weather Forecasts and Warnings | 24,708 | 24,708 | 6 |
| 2,809,657 | Total non-departmental output expenses | 3,304,144 | 3,122,575 | |
| | Non-departmental other expenses | | | |
| - | - Auckland City Rail Link – Operating MYA | 646 | 687 | 6, 7 |
| 541 | Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme MYA | 2,036 | 2,300 | 4 |
| 7,357 | Bad Debt Provision – Motor Vehicle Registration/Licences and Road User Charges | 2,949 | 8,000 | 3 |
| - | - Housing Infrastructure Fund – Fair Value Write Down MYA | - | 22,419 | 6 |
| 38,831 | Maintaining Airfreight Capacity MYA | 337,179 | 340,336 | 6 |
| 233 | Maintaining Essential Transport Connectivity MYA | 7,151 | 25,767 | 6 |
| - | - Maintaining international air services MYA | 48,020 | 50,000 | 6 |
| 38,547 | Meeting fees, charges and levies on behalf of airlines MYA | 74,337 | 98,251 | 6 |
| 827 | Membership of International Organisations | 820 | 863 | 8 |
| 3,270 | Rail – Public Policy Projects | 3,270 | 3,270 | 6, 7 |
| 500 | Rail – Railway Safety | 500 | 500 | 6, 7 |
| - | - KiwiRail Holidays Act Remediation | 27,871 | 27,900 | 6, 7 |
| - | - Shovel ready project funding – Rail | 7,339 | 9,000 | 6, 7 |
| - | - Water Search, Rescue and Safety Services | 15,078 | 15,078 | 6 |
| 30,572 | SuperGold Card – public transport concessions for cardholders | 30,064 | 31,048 | 3 |
| 4,963 | Urban Cycleways – Local Routes | 469 | 1,532 | 3 |
| 1,500 | Waka Kotahi NZ Transport Agency Palmerston North Premises | 1,500 | 1,500 | 3 |
| 127,143 | Total non-departmental other expenses | 559,229 | 638,451 | |

FINANCIAL PERFORMANCE

| 2020 Actual \$000 | Appropriation title | 2021 Actual \$000 | 2021 Forecast \$000 | End-of-year performance information location* |
|---|--|-------------------------|---------------------------|--|
| Non-departmental capital expenditure | | | | |
| 258,000 | Auckland City Rail Link | 395,000 | 410,000 | 9 |
| 28,023 | Capital Investment Package – Roads, Walking and Cycling | 267,240 | 305,187 | 3 |
| 125,000 | COVID-19 – NLTF Borrowing Facility MYA | 200,000 | 300,000 | 3 |
| 9,000 | Housing Infrastructure Fund Loans MYA | 4,500 | 41,000 | 3 |
| 1,159 | Joint Venture Airports – Crown Contribution MYA | 299 | 3,043 | 6 |
| - | Loans to Essential Transport Operators MYA | - | 5,000 | 6 |
| 370 | Maritime New Zealand Capital Expenditure PLA | 265 | 446 | 5 |
| 942,959 | National Land Transport Programme Capital PLA** | 615,482 | 996,546 | 3 |
| 250,000 | NLTF Borrowing Facility for Short-Term Advances | - | 500,000 | 3 |
| 9,217 | Rail – KiwiRail Equity Injection | 47 | 4,200 | 6, 7 |
| 462,500 | Rail – KiwiRail Holdings Limited | 706,750 | 743,450 | 6, 7 |
| 174,250 | Rail – KiwiRail Holdings Limited Loans | - | - | |
| 11,064 | Rail – New Zealand Railways Corporation Equity Injection MYA | 22,697 | 44,000 | 6, 10 |
| 37,184 | Rail – Wellington Metro Rail Network Upgrade | 18,352 | 18,352 | 6, 7 |
| 27,685 | Regional State Highways | 62,844 | 84,729 | 3 |
| 4,162 | Urban Cycleways – Crown Assets | - | - | |
| 4,333 | Waka Kotahi NZ Transport Agency Capital Contribution for Palmerston North Premises | - | - | |
| 19,500 | Waka Kotahi NZ Transport Agency Regulatory Loans – MYA | 6,500 | 25,500 | 3 |
| - | Transport Accident Investigation Commission | 18 | 30 | 2 |
| 2,364,407 | Total non-departmental capital expenditure | 2,299,994 | 3,481,483 | |
| Multi category appropriations (MCA) | | | | |
| 46,323 | Policy Advice and Related Outputs MCA | - | - | 1 |
| Departmental output expenses | | | | |
| 41,288 | Policy Advice | - | - | |
| 1,962 | Ministerial Servicing | - | - | |
| 3,073 | Governance and Performance Advice on Crown Agencies | - | - | |
| 2,549 | Policy Advice and Related Outputs – Civil Aviation MCA | 2,261 | 3,179 | 4 |
| Non-departmental output expenses | | | | |
| 663 | Policy Advice – Civil Aviation | 663 | 663 | |
| 431 | Ministerial Servicing – Civil Aviation | 431 | 431 | |
| 685 | International Relations and International Civil Aviation Organization Obligations | 685 | 685 | |
| Non-departmental other expenses | | | | |
| 770 | Improving Safety in the Aviation Sector | 482 | 1,400 | |

FINANCIAL PERFORMANCE

| 2020 Actual \$000 | Appropriation title | 2021 Actual \$000 | 2021 Forecast \$000 | End-of-year performance information location* |
|-------------------------|--|-------------------------|---------------------------|--|
| 5,919 | Policy Advice and Related Outputs – Maritime MCA | 6,121 | 6,318 | 5 |
| | Non-departmental output expenses | | | |
| 3,349 | Policy Advice – Maritime | 3,349 | 3,349 | |
| 492 | Maritime Incident Response | 817 | 1,014 | |
| 2,078 | Maritime Safety and Marine Protection Services | 1,955 | 1,955 | |
| 38,143 | Reinstatement of the South Island Transport Corridors MCA | 30,423 | 35,925 | 3 |
| | Non-departmental output expenses | | | |
| 7,310 | Restoration of State Highway 1 between Picton and Christchurch | 6,958 | 14,370 | |
| | Non-departmental capital expenditure | | | |
| 30,834 | Rebuild of State Highway 1 between Picton and Christchurch | 23,465 | 21,555 | |
| 124,328 | Tuawhenua Provincial Growth Fund – Transport Projects MCA | 196,396 | 221,987 | 1, 3, 7 |
| | Non-departmental output expenses | | | |
| 3,013 | Supporting Regional and Infrastructure Projects | 2,954 | 4,173 | |
| | Non-departmental other expenses | | | |
| 71,816 | Enabling Infrastructure Projects | 145,118 | 156,867 | |
| 2,607 | Regional projects and capability | 22,346 | 24,096 | |
| | Non-departmental capital expenditure | | | |
| 5,192 | Infrastructure projects | 9,078 | 19,951 | |
| 41,700 | Rail Projects | 16,900 | 16,900 | |
| - | COVID-19 – NLTF Funding for Cost Pressures and Revenue Shocks MCA | 527,615 | 654,400 | 3 |
| | Non-departmental output expenses | | | |
| - | COVID-19 – NLTF Operating Cost Pressure and Revenue Shortfall Funding | 322,443 | 500,400 | |
| | Non-departmental capital expenditure | | | |
| - | COVID-19 – NLTF Capital Cost Pressure Funding | - | 19,000 | |
| - | Equity Injection to Waka Kotahi NZ Transport Agency | 205,172 | 135,000 | |
| 217,263 | Total multi category appropriations | 762,816 | 921,809 | |

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

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

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

FINANCIAL PERFORMANCE

Details of multi-year appropriations

| | Commences | Expires | Appropriation at 1 July 2020 \$000 | Increase/ (decrease) in funding \$000 |
|---|---------------|--------------|--|--|
| Housing Infrastructure Fund – Fair Value Write Down | 1 July 2018 | 30 June 2023 | 122,230 | - |
| Housing Infrastructure Fund Loans | 1 July 2018 | 30 June 2023 | 357,000 | - |
| Joint Venture Airports – Crown Contribution | 1 July 2018 | 30 June 2023 | 2,500 | 7,420 |
| Protection of Transport Sector Agency Core Functions | 1 April 2020 | 30 June 2022 | 236,600 | 45,310 |
| Maintaining Airfreight Capacity | 24 March 2020 | 30 June 2021 | 328,500 | 50,667 |
| Maintaining Essential Transport Connectivity | 11 May 2020 | 30 June 2022 | 35,300 | (9,300) |
| Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme | 1 August 2019 | 30 June 2022 | 11,750 | - |
| Rail – New Zealand Railways Corporation Equity Injection | 1 April 2020 | 30 June 2024 | 45,000 | 193,064 |
| Loans to Essential Transport Operators | 11 May 2020 | 30 June 2022 | 15,000 | (10,000) |
| COVID-19 – NLTF Borrowing Facility | 11 May 2020 | 30 June 2022 | 425,000 | - |
| Waka Kotahi NZ Transport Agency Regulatory Loans | 1 March 2020 | 30 June 2024 | 35,500 | 59,500 |
| Meeting fees, charges and levies on behalf of airlines | 24 April 2020 | 30 June 2021 | 74,000 | 62,798 |
| Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Functions | 11 May 2020 | 30 June 2022 | 60,000 | (47,000) |
| Maintaining International Air Services | 1 May 2021 | 30 June 2022 | 170,000 | - |
| Rail – Maintaining an Electric Locomotive Fleet | 1 July 2020 | 30 June 2025 | 26,600 | - |
| Auckland City Rail Link – Operating | 1 July 2020 | 30 June 2025 | 12,070 | 140 |
| Auckland City Rail Link | 1 July 2020 | 30 June 2025 | 1,687,586 | 17,101 |
| Civil Aviation Authority Loans | 1 July 2020 | 30 June 2025 | 86,000 | (86,000) |
| Regional State Highways | 1 July 2020 | 30 June 2025 | 105,947 | 15,506 |

FINANCIAL PERFORMANCE

| Total funding \$000 | Cumulative expenses to 1 July 2020 \$000 | Current year expenses \$000 | Cumulative expenses to 30 June 2021 \$000 | Balance of appropriation remaining at 30 June 2021 \$000 |
|------------------------|---|-----------------------------------|--|--|
| 122,230 | 99,811 | - | 99,811 | 22,419 |
| 357,000 | 12,000 | 4,500 | 16,500 | 340,500 |
| 9,920 | 2,178 | 299 | 2,477 | 7,443 |
| 281,910 | 13,000 | 103,043 | 116,043 | 165,867 |
| 379,167 | 38,831 | 337,179 | 376,010 | 3,157 |
| 26,000 | 233 | 7,151 | 7,384 | 18,616 |
| 11,750 | 541 | 2,036 | 2,577 | 9,173 |
| 238,064 | 11,064 | 22,697 | 33,761 | 204,303 |
| 5,000 | - | - | - | 5,000 |
| 425,000 | 125,000 | 200,000 | 325,000 | 100,000 |
| 95,000 | 19,500 | 6,500 | 26,000 | 69,000 |
| 136,798 | 38,547 | 74,337 | 112,884 | 23,914 |
| 13,000 | 8,229 | 3,989 | 12,218 | 782 |
| 170,000 | - | 48,020 | 48,020 | 121,980 |
| 26,600 | - | 1,424 | 1,424 | 25,176 |
| 12,210 | - | 646 | 646 | 11,564 |
| 1,704,687 | - | 395,000 | 395,000 | 1,309,687 |
| - | - | - | - | - |
| 121,453 | - | 62,844 | 62,844 | 58,609 |

Section 5

Te mahi
whakamutunga
ā te tau

End-of-year Performance



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

For the year ended 30 June 2021

The appropriations reported in this annual report are:

Departmental Output Expenses:

- Transport – Policy advice, ministerial servicing, governance, and other functions
 - Policy Advice, Governance and Ministerial Servicing
 - Milford Sound/Piopiotahi Aerodrome
 - Fuel Excise Duty Refund Administration
- Search and Rescue Activity Coordination Permanent Legislative Authority (PLA)
- Search and Rescue Training and Training Coordination

Departmental Capital Expenditure:

- Ministry of Transport – Capital Expenditure PLA

Multi-category Expenses and Capital Expenditure:

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

END-OF-YEAR PERFORMANCE

Te utu putanga tari | Departmental Output Expense

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

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

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|------------------------------|-------------------------|-------------------------|---------------------------|
| 51,188 | Revenue Crown | 51,754 | 43,286 | 51,754 |
| 5,139 | Other revenue | 769 | 445 | 1,095 |
| 56,327 | Total revenue | 52,523 | 43,731 | 52,849 |
| 47,990 | Total expenses | 44,416 | 43,731 | 52,849 |
| 8,337 | Net surplus/(deficit) | 8,107 | - | - |

Assessment of performance against medium-term measures for this output class

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|---|--|--|-------------------------------|
| Achieved for cycling and public transport use Not achieved for walking | Increase in the use of active modes and public transport in the major urban areas over the medium term | Achieved for walking, cycling and public transport use | Achieved |
| Achieved | Increase the amount of export and import freight moved by the transport system over the medium term | Achieved | Achieved |
| Achieved* | Key risks to the resilience and security of the transport system are identified and system mitigations to address these are being implemented and managed appropriately* | Achieved* | Achieved |
| Not achieved ** | Reduction in the number of deaths and serious injuries in the transport system over the medium term | Achieved | Achieved |
| Not achieved *** | Reduction in the level of greenhouse gases emitted from domestic transport (carbon dioxide equivalence emissions/kt of CO ₂ -e) economy over the medium term | Achieved | Achieved |

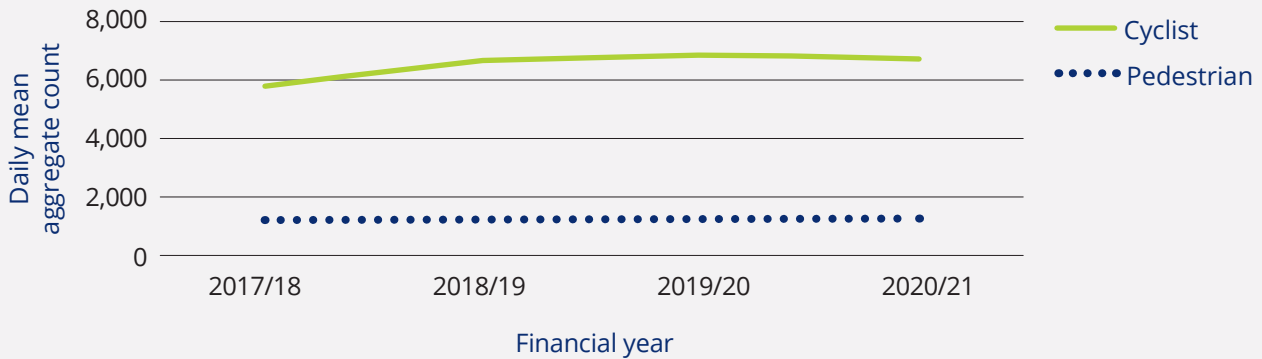
*This is a rolling performance measure, taking into account ongoing emergency events and risk management.

**The Government is taking action on road safety, as committed to under [Road to Zero – New Zealand's new 10-year road safety strategy for 2020-2030](#) and accompanying initial three-year action plan. For more information see the report under the Healthy and Safe People outcome elsewhere in this report.

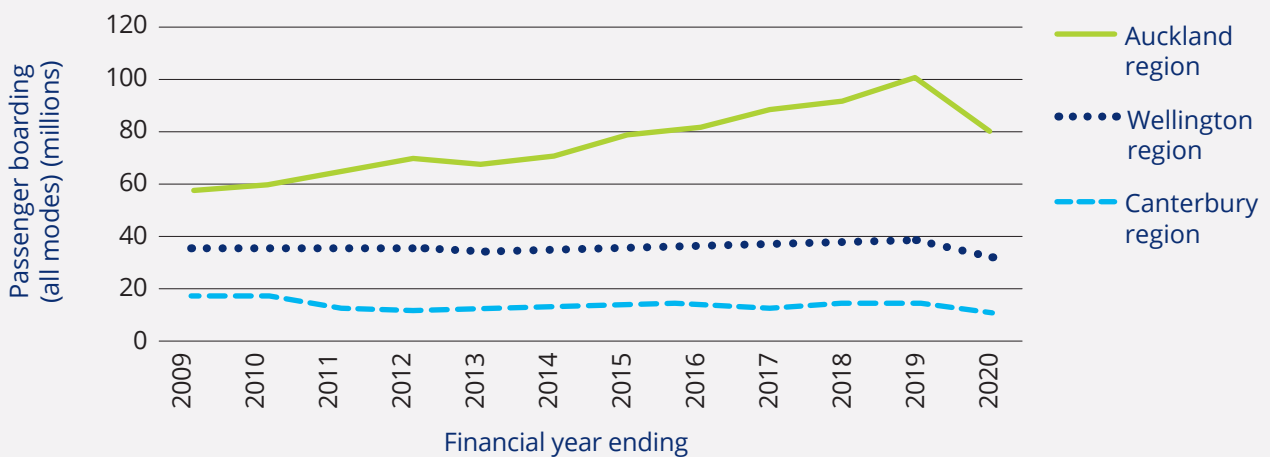
***The latest greenhouse gas emission data was for 2017. The number of vehicles and their travel on New Zealand roads have grown strongly since 2013. The growth has over-offset the improvement in vehicles' fuel efficiency and population growth, resulting in a higher growth rate in emissions per capita. The Government has proposed Clean Car Standard and Clean Car Discount policies to reduce emissions from the light vehicle fleet.

END-OF-YEAR PERFORMANCE

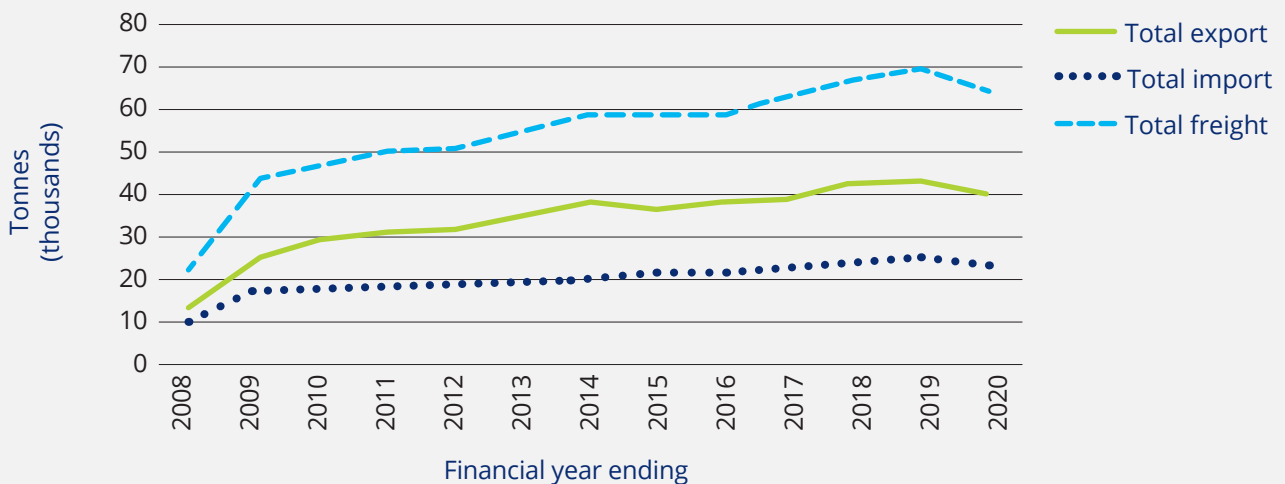
Average daily active mode users (selected counters in AKL, WGTN, CHCH)^{1,2}



Public transport boardings



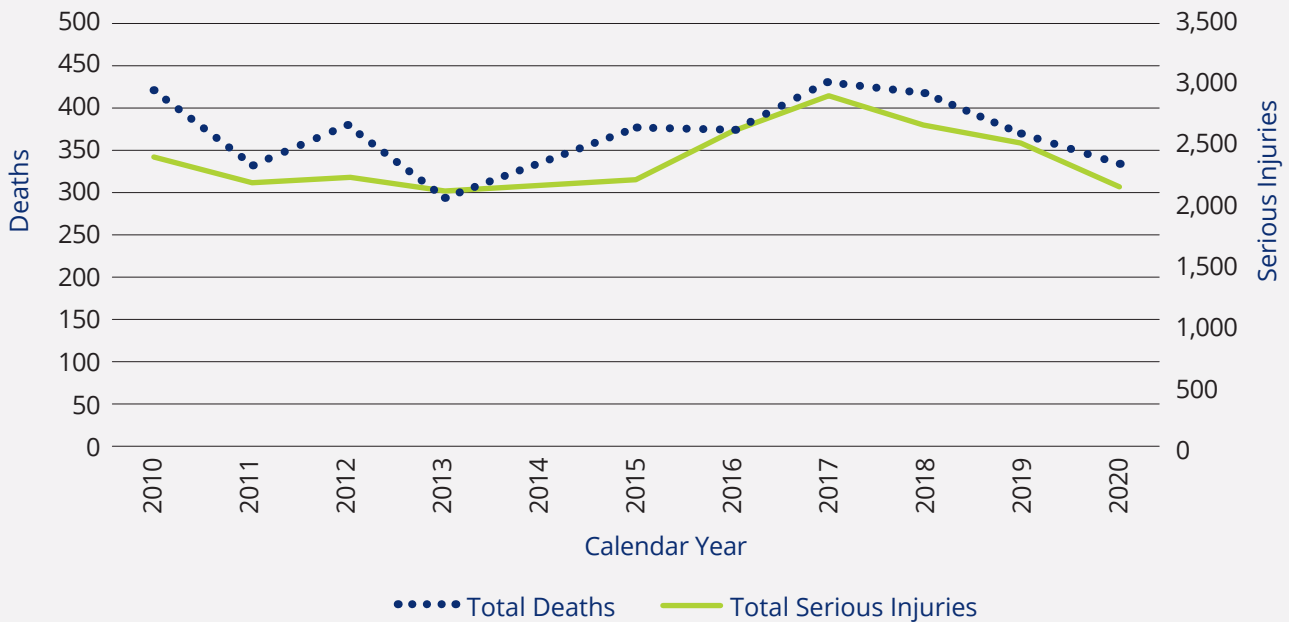
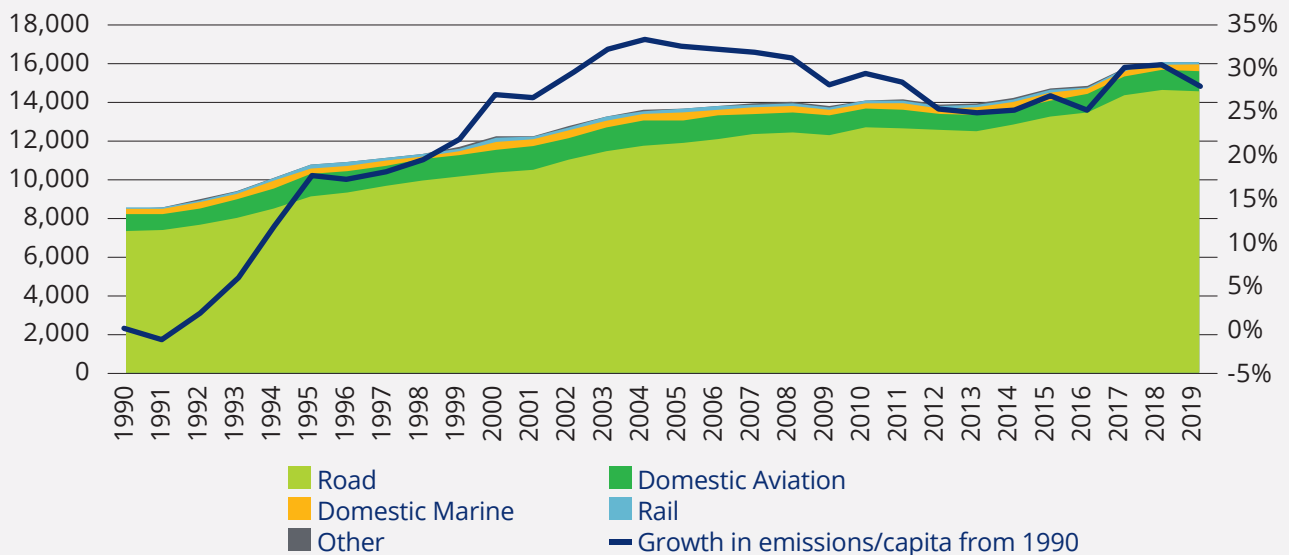
Import/Export movements by financial year



1 Cyclist count is for AKLD & CHCH only due to data constraints

2 The cyclist and pedestrian data for previous years has been updated to correct an error in the earlier data tabulation

Deaths and serious injuries across all transport modes

Carbon dioxide equivalent emissions (kt of CO₂-e) from domestic transport (road, rail, maritime, aviation)

END-OF-YEAR PERFORMANCE

Policy Advice, Governance and Ministerial Servicing

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|------------------------------|-------------------------|-------------------------|---------------------------|
| 50,470 | Revenue Crown | 49,986 | 42,668 | 49,986 |
| 4,784 | Other revenue | 504 | - | 650 |
| 55,254 | Total revenue | 50,490 | 42,668 | 50,636 |
| 46,857 | Total expenses | 42,995 | 42,668 | 50,636 |
| 8,397 | Net surplus/(deficit) | 7,495 | - | - |

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

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|------------------------------|---|-----------------|-------------------------------|
| Policy advice | | | |
| 61%* | Milestones contained in the Output Plan are completed as agreed, or as subsequently amended by the agreement between the Minister and the Chief Executive | No Result ** | 95% |
| Achieved 3.8 | Assessment of the quality of a sample of Ministry policy advice papers (average score between 3 – 4) | Achieved 3.9 | Achieved |
| Achieved 3.7 | Satisfaction of the portfolio Minister with the policy advice service (average score between 2 – 3) | Achieved 3.1 | Achieved |
| Governance | | | |
| Achieved | Advice on transport Crown entity board appointments provided to agreed timeframes | Achieved | Achieved |
| Achieved 3.4 | Assessment of the quality of a sample of Ministry governance advice papers (average score between 3 – 4) | Achieved 4.2 | Achieved |
| Ministerial servicing | | | |
| 76% | Percentage of draft replies to Ministerial correspondence completed within 10 working days | 78% | 80% |
| 95% | Percentage of Official Information Act requests to the Ministry replied to within statutory timeframes | 95% | 100% |

Note: This is a new appropriation that was established as part of a consolidation of the Ministry's 2019/20 appropriations. For context purposes, 2019/20 comparative performance measure information is provided above where the same measures have been used in both a 2019/20 appropriation and this 2020/21 appropriation.

*Output plan deliverables were missed due to redeployment of resources to other priority areas. 58% of the missed deliverables were due to COVID-19, the other 42% were due to changes in prioritisation of policy work.

**The Ministry did not have an Output Plan agreement with the Minister for 2020-21. This was due to the timing of the election, which was then delayed, and the time taken after the election to confirm priorities with the Minister. An Output Plan has been agreed with the Minister for 2021-22.

Milford Sound/Piopiotahi Aerodrome

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|-----------------------|-------------------------|-------------------------|---------------------------|
| 100 | Revenue Crown | 1,150 | - | 1,150 |
| 248 | Other revenue | 149 | 325 | 325 |
| 348 | Total revenue | 1,299 | 325 | 1,475 |
| 408 | Total expenses | 687 | 325 | 1,475 |
| (60) | Net surplus/(deficit) | 612 | - | - |

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

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|--------------------|-------------------------------|
| 100% | The aerodrome operation will conform with appropriate Civil Aviation Authority safety requirements | Achieved | Achieved |
| Not Achieved* | The operating costs for the Milford Sound/Piopiotahi Aerodrome are within third-party revenue | Not Achieved ** | Achieved |

Note: This is a new appropriation that was established as part of a consolidation of the Ministry's 2019/20 appropriations. For context purposes, 2019/20 comparative performance measure information is provided above where the same measures have been used in both a 2019/20 appropriation and this 2020/21 appropriation.

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

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

END-OF-YEAR PERFORMANCE

Fuel Excise Duty Refund Administration

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|--------------------------------|----------------|-------------------------|-------------------------|---------------------------|
| 618 | Revenue Crown | 618 | 618 | 618 |
| 107 | Other revenue | 116 | 120 | 120 |
| 725 | Total revenue | 734 | 738 | 738 |
| 725 | Total expenses | 734 | 738 | 738 |
| - Net surplus/(deficit) | | - | - | - |

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

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 17.2 days | Average number of days taken to process refunds of fuel excise duty | 22.4 days | 20 working days or less |

Note: This is a new appropriation that was established as part of a consolidation of the Ministry's 2019/20 appropriations. For context purposes, 2019/20 comparative performance measure information is provided above where the same measures have been used in both a 2019/20 appropriation and this 2020/21 appropriation.

Search and Rescue Activity Coordination PLA

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

It is intended to achieve the delivery of effective, well coordinated Search and Rescue capability.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|------------------------------|-------------------------|-------------------------|---------------------------|
| 2,301 | Revenue Crown | 3,675 | 4,185 | 3,675 |
| 2,111 | Total expenses | 2,266 | 4,185 | 3,675 |
| 190 | Net surplus/(deficit) | 1,409 | - | - |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 86% | 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 |

END-OF-YEAR PERFORMANCE

Search and Rescue Training and Training Coordination

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

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|--------------------------------|----------------|-------------------------|-------------------------|---------------------------|
| 953 | Other revenue | 1,225 | 500 | 1,584 |
| 953 | Total expenses | 1,225 | 500 | 1,584 |
| - Net surplus/(deficit) | | - | - | - |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 71% | Percentage of planned search and rescue training courses that are delivered | 82% | 80% |

END-OF-YEAR PERFORMANCE

Te pūtea tōpu ā te tari | Departmental Capital Expenditure

Ministry of Transport – Capital Expenditure PLA

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

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

Financial performance

| 2020 Actual \$000 | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|------------------------------------|-------------------------|-------------------------|---------------------------|
| - Departmental Capital Expenditure | 20 | 250 | 20 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|---------------------|---|----------------|-------------------------------|
| Not applicable * | Expenditure is in accordance with the Ministry's capital expenditure plan and asset management plan | 100% | 100% |

*There was no capital expenditure in 2019/20.

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

Tuawhenua Provincial Growth Fund – Transport Projects MCA

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

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 3,013 | Non-departmental output expenses: Supporting Regional and Infrastructure Projects | 2,954 | 3,796 | 4,173 |
| 71,816 | Non-departmental other expenses: Enabling Infrastructure Projects | 145,118 | 124,476 | 156,867 |
| 2,607 | Non-departmental other expenses: Regional Projects and Capability | 22,346 | - | 24,096 |
| 5,192 | Non-departmental capital expenditure: Infrastructure Projects | 9,078 | 49,911 | 19,951 |
| 41,700 | Non-departmental capital expenditure: Rail Projects | 16,900 | 25,000 | 16,900 |
| 124,328 | Total | 196,396 | 203,183 | 221,987 |

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

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|------------------|--|----------------|-------------------------------|
| Not Achieved* | Provincial Growth Fund funding is distributed by the Ministry in accordance with the terms and conditions of its memorandum of understanding | Achieved | Achieved |

*Funding was distributed in accordance with the terms and conditions of the memorandum of understanding (MoU) for 22 out of 23 projects. One project did not comply because the funding was administered by the Ministry instead of the Treasury as was required by the MoU. The change in administrative arrangements was agreed between the Secretaries of Transport and the Treasury.

END-OF-YEAR PERFORMANCE**Supporting Regional and Infrastructure Projects**

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

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 9 working days | Average number of days to provide feedback on Provincial Growth Fund funding applications | 9 working days | 20 working days or less |

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

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|-----------------|---|-----------------|-------------------------------|
| 10 working days | Average number of days to release Provincial Growth Fund infrastructure funding once approved | 13 working days | 20 working days or less |
| 93%* | Work is carried out as per the agreed programme | 100% | 100% |

*13 out of 14 milestones.

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

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| New measure | Work is carried out as per the agreed programme | 100% | 100% |

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

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| Not applicable | Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to standards and timeframes | 60% | 90% or greater |

*No PGF-funded physical works projects were due to be completed during 2019/20.

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 region.

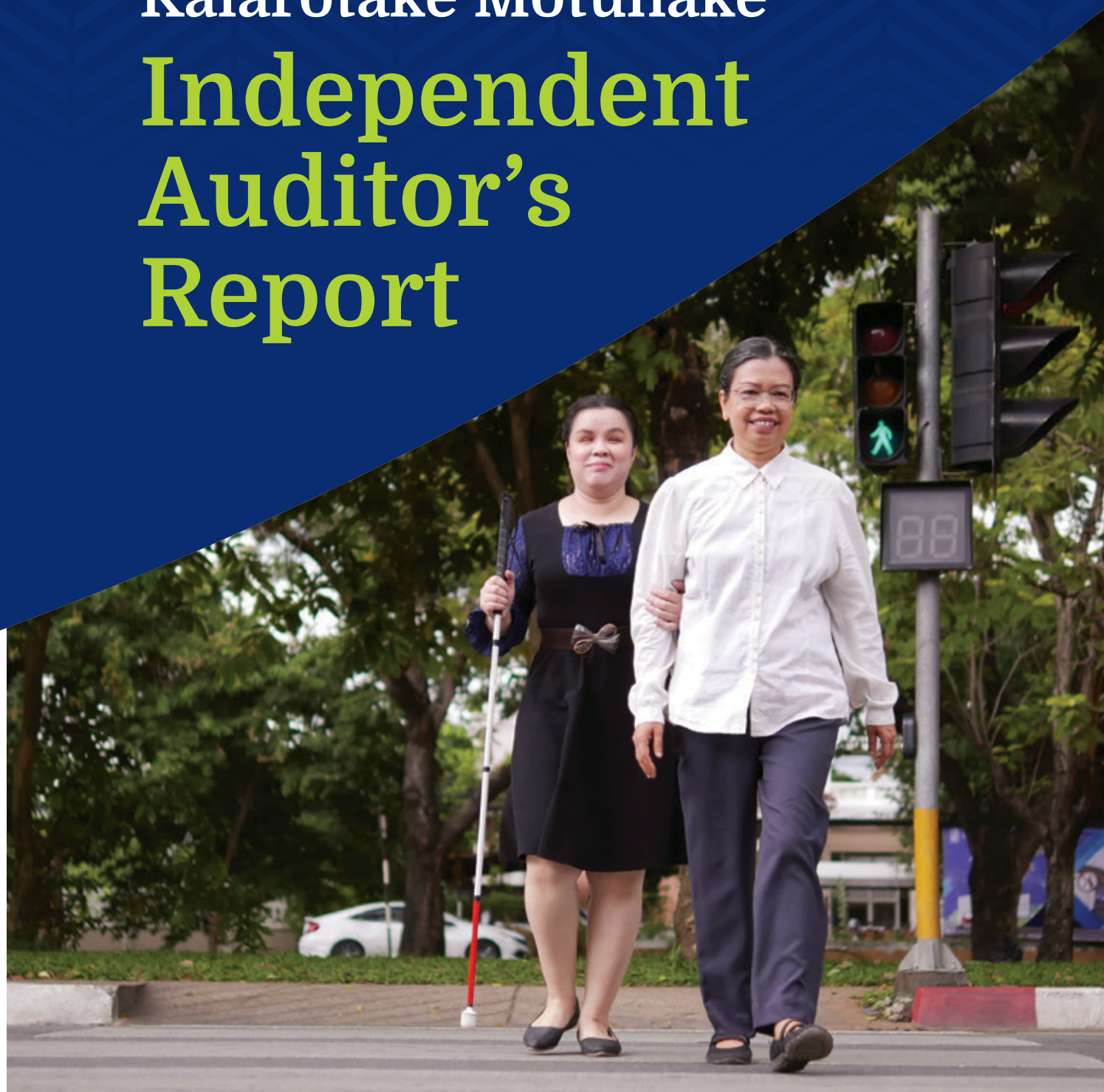
Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 80%* | Work is carried out as per the agreed programme | 86% | 100% |

*8 out of 10 projects.

Section 6

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 2021

The Auditor-General is the auditor of the Ministry of Transport (the Ministry). The Auditor-General has appointed me, Ajay Sharma, 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 46 to 63, that comprise the statement of financial position, statement of commitments, and statement of contingent assets and contingent liabilities as at 30 June 2021, the statement of comprehensive revenue and expense, statement of movements in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2021 on pages 81 to 93;
- the statement of budgeted and actual expenses and capital expenditure incurred against appropriations of the Ministry for the year ended 30 June 2021 on pages 74 to 79 and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 64 to 73 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021;
 - the schedules of expenses; and revenue for the year ended 30 June 2021; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 46 to 63:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 Public Benefit Entity Reporting Standards.
- the performance information of the Ministry on pages 81 to 93:
 - presents fairly, in all material respects, for the year ended 30 June 2021:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.
- the statement of budgeted and actual expenses and capital expenditure incurred against appropriations of the Ministry on pages 74 to 79 are presented fairly, 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 on pages 64 to 73 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 2021; and
 - expenses; and revenue for the year ended 30 June 2021; and

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the 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 2018-2022 statement of intent, the relevant Estimates and Supplementary Estimates of Appropriations 2020/21, and the 2020/21 forecast financial figures included in the Ministry's 2019/20 Annual Report.

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

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

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Transport.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Secretary for Transport and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Secretary for Transport is responsible for the other information. The other information comprises the information included on pages 2 to 93, 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.

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

Independence

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

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



Ajay Sharma

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Section 7

Te ripoata tāpiritanga
korenga ā te tari kōhaki

Report in relation to additional non- departmental appropriations



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

For the year ended 30 June 2021

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:

- Search and Rescue and Recreational Boating Safety Activities PLA
- Weather Forecasts and Warnings
- Rail – Maintaining an Electric Locomotive Fleet MYA

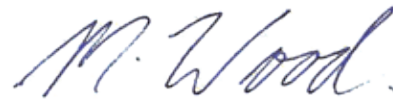
Non-departmental other expenses:

- Auckland City Rail Link – Operating MYA
- KiwiRail Holidays Act Remediation
- Rail – Public Policy Projects
- Rail – Railway Safety
- Housing Infrastructure Fund – Fair Value Write Down MYA
- Maintaining Airfreight Capacity MYA
- Maintaining Essential Transport Connectivity MYA
- Maintaining international air services MYA
- Meeting fees, charges and levies on behalf of airlines MYA
- Water Search, Rescue and Safety Frontline Services
- Shovel ready project funding – Rail
- Rail – Grants

Non-departmental capital expenditure:

- Rail – KiwiRail Equity Injection
- Rail – KiwiRail Holdings Limited
- Rail – New Zealand Railways Corporation Equity Injection MYA
- Rail – Wellington Metro Rail Network Upgrade
- Joint Venture Airports – Crown Contribution MYA
- Loans to Essential Transport Operators MYA

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



Hon Michael Wood
Minister of Transport

APPROPRIATIONS

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

Search and Rescue and Recreational Boating Safety Activities PLA

This appropriation funds activities undertaken by several bodies.

Maritime New Zealand

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

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

Other bodies

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

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

\$000

Crown entities

| | |
|----------------------|--------|
| Maritime New Zealand | 13,264 |
|----------------------|--------|

Annual funding under a service-level agreement

| | |
|---|-------|
| Coastguard New Zealand | 4,367 |
| New Zealand Land Search & Rescue Inc. | 3,051 |
| Surf Life Saving New Zealand | 811 |
| Marlborough-Nelson Marine Radio Association | 77 |
| Otago Marine VHF Association Incorporated | 13 |
| Amateur Radio Emergency Communications | 654 |
| Mountain Safety Council NZ | 295 |

| | |
|--------------|---------------|
| Total | 22,532 |
|--------------|---------------|

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 11,942 | Non-departmental output expenses: Search and Rescue and Recreational Boating Safety Activities PLA | 22,532 | 24,965 | 23,832 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| 80% | Delivery of the national search and rescue support programme agreed by the New Zealand Search and Rescue Council with the providing bodies | 92% | 100% |
| 76% | The percentage of New Zealanders who practice safer recreational boating behaviours (as gauged by survey) | 77% | 60% or greater |
| | Develop and maintain Service Level Agreements with key providers in the Search and Rescue community. Key agreement measures are: | | |
| 95% | Provision of expert services to the Coordination Authorities | 99% | 100% |
| 95% | Provision of Incident Management Team members to the Coordination Authorities on request | 100% | 100% |
| 100% | Participation in joint Search and Rescue exercises | 82% | 100% |
| 100% | Provision of Search and Rescue related information | 100% | 100% |
| 100% | Coordinate National Search and Rescue training and education to improve interagency cooperation and understanding | 100% | 90% |

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 24,565 | Non-departmental output expenses: Weather Forecasts and Warnings | 24,708 | 24,708 | 24,708 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|-----------------|--|---|---|
| Achieved | Provision of agreed services | As per contract | As per contract |
| 97% | Minimum percentage of forecasts of severe-weather events which successfully predicted the event (probability of detection) | 92% | Greater than 90% |
| 15% | Maximum percentage of forecasts of severe-weather events which are subsequently found to be false alarms (false alarm ratio) | 11% | Less than 25% |
| No new services | Provision of new services | As agreed between MetService and the Ministry | As agreed between MetService and the Ministry |

Rail – Maintaining an Electric Locomotive Fleet MYA

This appropriation is intended to upgrade and refurbish EF Class electric locomotives for use on the North Island Main Trunk line.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 8,400 | Non-departmental output expenses: Rail – Maintaining an Electric Locomotive Fleet MYA | 1,424 | 15,600 | 3,235 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| 100% | Work is carried out in line with the agreed outcomes | 44% | 100% |

Outcome of investment: Enabled KiwiRail to maintain the capabilities to refurbish and commission electric locomotives.

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

Auckland City Rail Link – Operating MYA

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

Financial performance

| 2020 Actual \$000 | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|---|-------------------------|-------------------------|---------------------------|
| - Non-departmental other expenses: Auckland City Rail Link – Operating MYA | 646 | 720 | 687 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 0% | Work is carried out as per the agreed programme | 94% | 100% |

KiwiRail Holidays Act Remediation

This appropriation is intended to achieve the remediation of staff for entitlements under the Holidays Act 2003.

Financial performance

| 2020 Actual \$000 | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|---|-------------------------|-------------------------|---------------------------|
| - Non-departmental other expenses: KiwiRail Holidays Act Remediation | 27,871 | 29,000 | 27,900 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| New measure | Remediation payments are made for non-compliance with the Holidays Act 2003 | Achieved | Achieved |

APPROPRIATIONS

Rail – Public Policy Projects

This appropriation is intended to achieve public policy rail initiatives that do not have a financial benefit, but have positive effects on the community.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 3,270 | Non-departmental other expenses: Rail – Public Policy Projects | 3,270 | 3,270 | 3,270 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 100% | The public policy projects are carried out in line with the programme | 100% | 100% |

Rail – Railway Safety

This appropriation is limited to public safety works.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 500 | Non-departmental other expenses: Rail – Railway Safety | 500 | 500 | 500 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|------------------------|----------------|-------------------------------|
| Achieved | A safer railway system | Achieved | Achieved |

Housing Infrastructure Fund – Fair Value Write Down MYA

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| - | Non-departmental other expenses: Housing Infrastructure Fund – Fair Value Write Down MYA | - | 22,419 | 22,419 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|---------------------|--|----------------------|-------------------------------|
| Not applicable * | 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 the New Zealand Transport Agency | Not applicable ** | Achieved |

*There were no interest-free loans in 2019/20

**There were no interest-free loans in 2020/21

Maintaining Airfreight Capacity MYA

This appropriation is intended to achieve maintenance of airfreight capacity which has been impacted by COVID-19.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 38,831 | Non-departmental other expenses: Maintaining Airfreight Capacity MYA | 337,179 | 130,000 | 340,336 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| 180% | Increase, post the introduction of the International Air Freight Capacity scheme in April 2020, in the average rate (\$) for international freight movement across key routes serviced by the airlines participating | 164% | 200% or lower |

Maintaining Essential Transport Connectivity MYA

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 233 | Non-departmental other expenses: Maintaining Essential Transport Connectivity MYA | 7,151 | 1,600 | 25,767 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 5.09%* | Percentage of funds contracted by the end of the year | 36% | 20% or more |

*This appropriation was approved 11 May 2020 and is contracted on a case by case basis as applications are received. Several aviation operators who have subsequently applied for this scheme were previously contracted under the Urgent Air Freight Scheme which ran to 25 June 2020.

APPROPRIATIONS

Maintaining International Air Services MYA

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| - | Non-departmental other expenses: Maintaining International Air Services MYA | 48,020 | - | 50,000 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|------------------|-------------------------------|
| New measure | Available air freight capacity as a percentage of pre-COVID-19 airfreight capacity | 70.78% | 80% or more |
| New measure | Passenger connections to key destinations, including the Pacific, are available | Within one month | Within one month |

Meeting Fees, Charges and Levies on Behalf of Airlines MYA

This appropriation is intended to provide financial support to airlines to pay passenger-based government charges as part of the COVID-19 Aviation Relief Package.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 38,547 | Non-departmental other expenses: Meeting fees, charges and levies on behalf of airlines MYA | 74,337 | 22,000 | 98,251 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| 96% | Qualifying payments are paid out within 15 days of receipt of a valid claim or request for payment under the terms and conditions of the aviation relief package | 97% | 90% |

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| - | Non-departmental other expenses: Water Search, Rescue and Safety Frontline Services | 15,078 | 15,078 | 15,078 |

APPROPRIATIONS

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| New Measure | Achievement of the agreed Water Safety Services Service Level Agreements initiative milestones | 95% | 100% |

Shovel Ready Project Funding – Rail

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

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| - | Non-departmental other expenses: Shovel ready project funding – Rail | 7,339 | - | 9,000 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| New Measure | Work is carried out as per the agreed programme | 82% | 100% |

Outcome of investment: Progress on Otomo resilience project with investigations and Omoto West design complete, worksites established, and major works are in progress. The investment to date has provided work for approximately 20 roles, largely in the West Coast.

Rail – Grants

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

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| - | Non-departmental output expenses: Rail – Grants | - | - | 4,000 |

This was a new appropriation of \$4 million for 2020/21 to provide funding to establish a local wagon assembly plant at Hillside, Dunedin, to increase employment and youth opportunities and rebuild industry capability.

An In Principle Expense Transfer from 2020/21 to 2021/22 for \$4.0m for Hillside, Dunedin local wagon assembly project.

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| New Measure | Up to 150 construction jobs will be created between 2021 and 2023, and up to 45 FTEs will be required for the wagon assembly between 2023 and 2027 | New measure | Achieved |

APPROPRIATIONS

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

Rail – KiwiRail Equity Injection

This appropriation is intended to achieve equity injections to KiwiRail Holdings Limited resulting from property transactions by New Zealand Railways Corporation.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 9,217 | Non-departmental capital expenditure: Rail – KiwiRail Equity Injection | 47 | 4,200 | 4,200 |

In Principle Expense Transfer from 2020/21 to 2021/22 for \$4.153m unspent portion of appropriation.

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| 71% | Property transactions are carried out in line with agreed outcomes | 1% | 100% |

Outcome of investment: Enabled transfer of funds between KiwiRail and New Zealand Railways Corporation for land purchases and sales.

Rail – KiwiRail Holdings Limited

This appropriation is intended to achieve capital investment in the New Zealand rail system.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 462,500 | Non-departmental capital expenditure: Rail – KiwiRail Holdings Limited | 706,750 | 953,960 | 743,450 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| 96% | Capital is invested in the New Zealand rail system as approved by shareholding Ministers | 95% | 100% |

Rail – New Zealand Railways Corporation Equity Injection MYA

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

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 11,064 | Non-departmental capital expenditure: Rail – New Zealand Railways Corporation Equity Injection MYA | 22,697 | 15,000 | 44,000 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|---|---|---|-------------------------------|
| 37% completed with remainder carried forward to 2020/21 | Property transactions are carried out in line with agreed outcomes | 52% completed with remainder carried forward to 2021/22 | 100% |

Rail – Wellington Metro Rail Network Upgrade

This appropriation is intended to achieve significant improvements to the Wellington metro network, to improve and maintain the reliability of commuter services.

Financial performance

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| 37,184 | Non-departmental capital expenditure: Rail – Wellington Metro Rail Network Upgrade | 18,352 | 12,075 | 18,352 |

Assessment of performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 84% | Work is carried out as per the agreed programme | 100% | 100% |

APPROPRIATIONS

Joint Venture Airports – Crown Contribution MYA

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|--|-------------------------|-------------------------|---------------------------|
| 1,159 | Non-departmental capital expenditure: Joint Venture Airports – Crown Contribution MYA | 229 | 4,604 | 3,043 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|--|----------------|-------------------------------|
| 100% | Percentage of compliance with the joint venture agreements with the airports | 100% | 100% |

Loans to Essential Transport Operators MYA

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

| 2020 Actual \$000 | | 2021 Actual \$000 | 2021 Budget \$000 | 2021 Forecast \$000 |
|-------------------------|---|-------------------------|-------------------------|---------------------------|
| - | Non-departmental capital expenditure: Loans to Essential Transport Operators MYA | - | 3,000 | 5,000 |

Assessment of overall performance

| 2020 Actual | Performance measures | 2021 Actual | 2021 Standards/ Targets |
|----------------|---|----------------|-------------------------------|
| 0%* | Percentage of funds contracted by the end of the year | 0%** | 20% or more |

*This appropriation was approved 11 May 2020 and is contracted on a case by case basis as applications are received.

**No applications were received where a loan was assessed as being the most appropriate support measure.

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