

# Overview of 2019/20

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# Chair and Chief Executive overview

At Waka Kotahi NZ Transport Agency, we move as one with our partners to deliver a safe, sustainable and resilient land transport system that New Zealanders can rely on. Together we create better connected communities.

2019/20 has been a year of focused revitalisation at Waka Kotahi. Under the guidance of a new Board and Executive Leadership team, we have grown and evolved as an organisation with a strong focus on our people. We are impressed and heartened by the commitment all Waka Kotahi people have shown to continue delivering for New Zealand, under often demanding circumstances.

Whilst 2019/20 had many challenges, including a number of weather events, none can compare to managing the impact of COVID-19. Waka Kotahi and the land transport system have a critical role to play in New Zealand's social and economic recovery from the pandemic. Over the different Alert Levels, our people quickly adapted to working from home and despite long hours and difficult circumstances, continued to deliver great transport outcomes for New Zealand. As an organisation, Waka Kotahi put care for our people and the New Zealanders we serve at the heart of our response.

The ongoing impact of COVID-19 presents Waka Kotahi with some significant challenges, as we strive to complete the successful delivery of the 2018-21 National Land Transport Programme (NLTP) and work closely with our co-investment partners in local government to develop the 2021-24 NLTP. The financial impact on communities will be ongoing for several years. Now, more than ever, it is critical we work closely with our co-investment partners to ensure our investment in the land transport system is prioritised to support the economic recovery of New Zealand. Whilst we plan for the future, we are also working hard to fulfil current commitments under the 2018-21 NLTP on a nationwide programme of transport solutions.

Despite the impacts of changing Alert Levels, Waka Kotahi and our partners continued with an extensive works programme, managing a significant number of large walking and cycling pathways and roading projects over the year as well as supporting public transport and regulatory services to safely maintain operations for users.

Waka Kotahi is proud to be the major delivery agent of the government's \$6.8 billion New Zealand Upgrade Programme (NZUP) infrastructure investment across road, rail, public transport, and walking and cycling infrastructure. The programme will save lives, get our cities moving, and boost productivity in the country's seven growth areas: Northland, Auckland, Waikato, Bay of Plenty, Wellington, Canterbury, and Queenstown. The programme also includes a regional package that addresses key challenges and regional improvement opportunities through 13 regional state highway projects.

Now more than ever, this programme will play a vital role in helping to stimulate the economy and support the country. The NZUP establishment report produced by Waka Kotahi in June 2020 includes a preliminary assessment on the effects of COVID-19 on the delivery programme and sets out medium to longer term risks to timeframes and costs for the delivery of the programme.

**Whilst 2019/20 had many challenges, including a number of weather events, none can compare to managing the impact of COVID-19.**

Looking ahead, with large programmes of work to deliver, it is critical that we consider the capacity and capability of the supply chain, and in particular the ability of the labour workforce to meet future increased demand in design, planning and construction.

Waka Kotahi has a strong history of developing innovative procurement models. We are now developing modified models that are tailored appropriately to the size and complexity of projects. This new approach will use increasingly efficient and accelerated procurement methods and will enable a sustainable and competitive construction sector to be maintained. We will also work with our co-investment partners across the country to package work programmes appropriately for expedited procurement.

2019/20 has seen Waka Kotahi renew its focus on partnerships – both with iwi and local government. Waka Kotahi is committed to engaging more effectively with iwi to build stronger, more meaningful and enduring partnerships. We are placing greater importance on the value of Te Ao Māori views in the work we do – this is critical for us to enhance the way we deliver and manage the land transport system.

Our new way of working has been recognised with positive feedback from Te Rūnanga o Ngāti Tama in June 2020 on our respectful partnership approach on the Mt Messenger Bypass project.

Our infrastructure projects are delivered by working with others – including iwi, local councils and the supply industry – and therefore we commissioned a survey in May 2020 to understand how our partners view our work. The results paint a positive picture, with improvements in the way our partners perceive Waka Kotahi across a range of measures. Overall satisfaction with Waka Kotahi has risen from 45 to 54 percent. While this is encouraging progress, we have a way to go. We are committed to continuing to listen, learn and improve so our key partners have increased trust and confidence in Waka Kotahi.

Waka Kotahi is also committed to ensuring our network remains safe and resilient. In 2019/20, we delivered our biggest ever annual maintenance programme. We are continuing to work hard to optimise our road maintenance and renewal work to manage a state highway network that has grown significantly, with an increased number of vehicles and heavy vehicles operating on it. With pressure on the funding available from the National Land Transport Fund to meet an expanding range of activity in future NLTP periods, ensuring sufficient reinvestment in maintaining and improving the condition of the state highway network is a priority for the Board.

The safe operation and regulation of the land transport system, and the effectiveness of Waka Kotahi as an agency, are reliant on ageing corporate and transport IT systems. We will need to make significant investment in the years ahead to replace or upgrade these systems. Investment in our digital capabilities is essential both to lift our effectiveness and to ensure that we are ready to cope with the changing technology demands and expectations of a modern transport system.

During 2019/20, Waka Kotahi launched a number of significant new frameworks and strategies that have set a refreshed organisational direction and will guide our success in to the future:

- *Arataki* - our first-ever 10-year strategic plan. It will help inform our decision making and enable us to better respond to the changing needs of the land transport system
- *Toitū te Taiāo* - our new sustainability action plan that sets out the actions Waka Kotahi will take to tackle climate change and create a sustainable land transport system
- *Keeping Cities Moving* - our plan to increase the wellbeing of New Zealand cities by growing the share of travel by public transport, walking and cycling
- *Tū ake, tū māia* - our regulatory strategy to ensure the land transport system is safe, effective, and efficient and functions well for everyone in New Zealand
- *Te Hau Ora* - our new digital portfolio framework, providing new platforms to support our business and improve our customers' experience.

Moving the organisation through the Alert Levels was also used as the impetus to refresh and embed our desired culture, values and operating model, with a focus on five principles: delivery, agility, care, trust and innovation.

Waka Kotahi remains focused on building on our success and we look forward to continuing to deliver for New Zealand – by putting our people, our partners and the New Zealanders we serve at the centre of everything we do.

### Note from Sir Brian Roche, Board Chair

In February 2020, Waka Kotahi welcomed Nicole Rosie as our new Chief Executive. Nicole has held a number of senior management roles in both the public and private sectors, most recently as Chief Executive of Worksafe NZ. She brings a wealth of knowledge and experience to the role and has quickly made a positive impact, particularly to our culture and the way we work with our partners, through her energetic and authentic leadership approach.

The Board would also like to acknowledge the work of Interim Chief Executive Mark Ratcliffe and thank him for his leadership of Waka Kotahi throughout much of 2019/20. We would also like to thank the Executive Leadership team, all our people, and our partners and contractors for the continued high-quality work they carried out in 2019/20 to keep New Zealand moving through unprecedented times.



**Sir Brian Roche**  
Chair



**Nicole Rosie**  
Chief Executive

**Waka Kotahi remains focused on building on our success and we look forward to continuing to deliver for New Zealand.**

# He tirohanga whānui nā te Heamana me te Pou Whakahaere

I Waka Kotahi, hoe tahi ai mātau ko ō mātau hoa pātui hei tuku i tētahi pūnaha ikiiki whenua haumarū, toitū me te manawaroa hei whakawhirinakitanga mā te iwi o Aotearoa. Ko tā mātau he hanga i ngā hāpori tūhonohono ake.

I te 2019/20 i arotahi ki te whakarauora i a Waka Kotahi. I raro i ngā tohutohu a te Poari hou me Ngā Kaihautū, kua tipu, kua rea te whakahaere me tino arotahi atu ki ā mātau tāngata. E mīharo ana, e ora ana te ngākau i te pūmau o ngā kaimahi a Waka Kotahi katoa ki te whakarato haere tonu ki Aotearoa, ā, i raro i ngā āhuatanga uaua.

Ahakoia he nui ngā whakapātaritari o te tau 2019/20, tae atu ki ngā riri a Tāwhirimātea, kāore he mea e rite ana ki te whakahaere i te pānga o KOWHEORI-19. He wāhanga nui tō Waka Kotahi me te pūnaha ikiiki whenua i roto i te mairanga ake ā-pāpori, ā-ōhanga o Aotearoa mā i te mate urutā. I roto i Ngā Taumata Whakatūpato, i kakama te takatū a ā mātau kaimahi ki te mahi mā i te kāinga, ā, ahakoia te roa o ngā haora mahi me ngā āhuatanga uaua, i whakaputa tonu i a rātau ngā putanga ikiiki papai mō Aotearoa. Kei te iho o tā mātau urupare a Waka Kotahi he manaaki i ā mātau kaimahi me te iwi o Aotearoa e mahi nei mātau.

Kua puta i te pānga haere tonu o KOWHEORI-19 ētahi whakapātaritari nui mā Waka Kotahi, i a mātau e whakapau kaha ana ki te whakatutuki i te Kaupapa Ikiiki Whenua ā-Motu 2018-21 (NLTLP) me te mahi tahi me ō mātau hoa haumi tahi i ngā kaunihera ki te waihanga i te 2021-24 NLTLP. Ka mau tonu te pānga pūtea ki ngā hāpori mō ngā tau maha. Nō reira, kua eke ki te wā me mahi tahi mātau me ō mātau hoa pātui ki te whakarite ka noho tā mātau haumi ki te pūnaha ikiiki whenua hei kaupapa matua ki te tautoko i te whakaara ake i te ōhanga o Aotearoa. Ahakoia kei te whakariterite mō ngā rā anamata kei te whakapau kaha anō mātau ki te whakatutuki i ngā paiherenga onāianei i raro i te 2018-21 NLTLP i raro i tētahi kaupapa ā-motu o ngā rongōā ikiiki.

Ahakoia ngā pānga o te huri o Ngā Taumata Whakatūpato, i haere tonu ngā mahi whānui a Waka Kotahi i te taha o ō mātau pātui te whakahaere i ngā ara hīkoi me te pahikara nui me ngā kaupapa rori i roto i te tau tae atu ki te tautoko i ngā ikiiki tūmatanui me ngā ratonga ture e haumarū tonu ai te haere o ngā whakahaere mā ngā kaiwhakamahi.

Ka nui te ngākau whakahī o Waka Kotahi koia te kaiwhakarato matua o ngā haumitanga hanganga o te Kaupapa Whakarākei o Aotearoa (NZUP) a te Kāwanatanga mō te \$6.8 piriona puta noa i ngā ikiiki rori, rērawe, tūmatanui hoki me ngā hanganga hīkoi me te eke pahikara. Ko tā te kaupapa he ārai i ngā mate, he whakakorikori i ō tātau tāonenui, me te whakapiki ake i te whakaputaranga i ngā rohe tipu e whitu o te motu: Te Tai Tokerau, Tāmaki Makaurau, Waikato, Waiariki, Te Whanganui-a-Tara, Waitaha me Tāhuna. Kei roto i tēnei kaupapa ko tētahi kaupapa ā-rohe e whakarite ana i ngā whakapātaritari hira me ngā whai wāhitanga whakapai ake ā-rohe mā ngā kaupapa huanui ā-rohe 13.

Koinei te wā mō tēnei kaupapa ki te tino āwhina ki te whakaohoho i te ōhanga me te tautoko i te motu. Kei roto i te pūrongo NZUP tūāpapa a Waka Kotahi i te Hune 2020 ko tētahi aromatawai tuatahi mō ngā pānga o te KOWHEORI-19 ki te whakarātonga o te kaupapa me te whakatakoto i ngā mōrea pae tata ki te pae tawhiti me ngā utu mō te whakarātonga o te kaupapa.

Ka titiro ki ngā rā e heke iho, me ngā kaupapa mahi nui hei whakatutuki, he mea nui kia whakaaroarohia e mātau te kaha me te āheinga o te ara ratonga, otirā te kaha o te ohu mahi ki te whakatutuki i ngā hiahia e nui haere ana mō te hoahoa, whakamahere me te hangatanga.

E mātau ana a Waka Kotahi ki te waihanga i ngā tauira whiwhi ratonga auaha. Kei te waihanga mātau ināianei i ngā tauira rerekē e hāngai tika ana ki te rahi me te uaua o te kaupapa. Ka whakamahia e tēnei aronga hou ngā tikanga whiwhi ratonga kakama, tere ake, ā, ka taea te pupuri tētahi rāngai hanganga toitū, whakataetae hoki. Ka mahi tahi anō mātau me ō mātau hoa pātui puta noa i te motu ki te whakatōpū tika i ngā kaupapa mahi kia tere ake ai te whiwhi ratonga.

I kitea i te 2019/20 te aronga hou a Waka Kotahi ki ōna pātuitanga – ki ngā iwi me ngā kaunihera. E pūmau ana a Waka Kotahi kia whaihua ake te whakawhitiwhiti me ngā iwi kia kaha ake, kia whitake ai, kia ukauka ake ai ngā pātuitanga. Kua hīkina ake e mātau te uara o ngā tirohanga ao Māori i roto i ā mātau mahi – he mea hira tēnei mō mātau ki te whakarei ake i te āhua o tā mātau tuku me te whakahaere i te pūnaha ikiiki whenua.

He pai ngā whakahokinga kōrero mai mō ā mātau tikanga mahi hou mai i Te Rūnanga o Ngāti Tama i te Hune 2020 e pā ana ki te aronga manaaki i te pātuitanga e pā ana ki te ara karo i Parininihi.

Ka tukuna ā mātau kaupapa hanganga mā te mahi tahi me ētahi atu – tae atu ki ngā iwi, ngā kaunihera, me te ahumahi whakarato – nō reira ka whakahautia e mātau he rangahau i te Mei 2020 kia mōhio ai mātau ki ngā whakaaro o ō mātau hoa pātui he pēhea ā mātau mahi. E ai ki ngā whakaaturanga he pai ngā kōrero, kua pai ake ngā whakaaro o ō mātau hoa pātui mō Waka Kotahi puta noa i ngā momo whakaritenga. I piki te rata whānui mō Waka Kotahi mai i te 45 ki te 54 ōrau. Ahakoa e pai ana tēnei, he roa te ara kei mua i a mātau. E pūmau ana mātau ki te ako, te whakarongo, te whakapai haere tonu e nui ake ai te pono me te ngākau titikaha o ō mātau hoa pātui ki a Waka Kotahi.

E pūmau anō a Waka Kotahi ki te whakarite ka noho haumaruru me te manawaroa tā mātau kōtuinga. I te 2019/20, i tukuna e mātau tā mātau kaupapa tautiaki ā-tau nui rawa. Kei te whakapau kaha tonu mātau kia tino arotau ā mātau mahi tautiaki me te whakahou hei whakahaere i tētahi kōtuitui huarahi matua kua whānui ake te tipu haere, ā, kua tino nui ake te maha o ngā waka me ngā waka taumaha e haere ana i runga. Nā ngā pēhitanga o ngā pūtea e wātea ana mai i te Tahua Ikiiki Whenua ā-Motu ki te whakatutuki i ngā tūmomo mahinga e whānui haere ana i roto i ngā wāhanga NLTP ā muri ake, ko te mea matua he whakarite ka rawaka te haumi anō ki te tautiaki me te whakapai ake i te āhua o te kōtuinga huarahi matua.

Ko ngā whakahaere haumaruru me ngā ture o te pūnaha ikiiki whenua, me te whitake o tari o Waka Kotahi, e whirinaki ana ki ngā pūnaha rangatōpū me te IT ikiiki tawhito. Me nui te haumi i roto i ngā tau e heke nei hei whakakapi, hei whakahou ake i ēnei pūnaha. He mea waiwai te haumi ki ngā āheinga matihiko hei hiki ake i tō mātau whitake me te whakarite ka tū pakari mātau e pā ana ki ngā hiahia hangarau hurihuri me ngā tūmanako o tētahi pūnaha ikiiki hou.

I te 2019/20, i whakarewahia e Waka Kotahi ngā pou tarāwaho nui hou, rautaki hoki i whakatau i tētahi ahunga ā-whakahaere hou me te ārahi kia puta ō mātau ihu ki ngā rā e heke iho nei:

- *Arataki* - ko tā mātau mahere rautaki 10 tau tuatahi. Ka āwhina i a mātau ki te tuku whakatau e pai ake ai tā mātau urupare ki ngā hiahia hurihuri o te pūnaha ikiiki whenua
- *Toitū te Taiāo* - ko tā mātau mahere mahi toitū hou e whakatakoto ana i ngā mahi a Waka Kotahi ka aro ki te huringa āhuarangi me te waihanga i tētahi pūnaha ikiiki whenua toitū
- *Te Whakanekeneke i Ngā Tāonenui* - ko tā mātau whakarite ki te whakapiki i te oranga o ngā tāonenui mā te whakatipu haere i te whakamahi a te iwi whānui i te ikiiki tūmatanui, te hīkoi me te eke pahikara
- *Tū ake tū māia* - ko tā mātau rautaki ā-ture hei whakarite ka haumarū, ka whaitake, ā, he kakama te pūnaha ikiiki whenua, ka mutu ka pai te mahi mā te iwi whānui o Aotearoa
- *Te Hau Ora* - tā mātau pou tarāwaho kōpaki matihiko hou, e tuku ana i ngā pūhara hou hei tautoko i ā mātau mahi me te whakapai ake i te wheako o ā mātau kiritaki.

Nā te nekeneke i roto i Ngā Taumata Whakatūpatō i whai wāhi ki te whakahou ake me te whakapūmau i te ahurea, ngā uara me te tauira whakahaere e hiahiatia ana, e arotahi ana ki ngā mātāpono e rima: te whakarato, kakama, manaaki, pono me te auaha.

Kei te arotahi tonu a Waka Kotahi ki te whakawhānui ake i tō mātau angitu me te hiamō ki te mahi tonu mā Aotearoa – mā te whakarite kei te iho ā mātau tāngata, pātui me te iwi o Aotearoa o ā mātau mahi katoa.

## HE KŌRERO NĀ TĀ BRIAN ROCHE, HEAMANA

I te Pepuere 2020, i pōhiritia e Waka Kotahi a Nicole Rosie hei Pou Whakahaere hou. He maha ngā tūranga kaihautū matua o Nicole i roto i ngā rāngai tūmatanui me te tūmataiti, otirā ko ia te Pou Whakahaere o Worksafe NZ inā tata nei. He nui ōna mōhio me ōna wheako e mauria ana e ia, ā, kua kitea tonu ngā hua kua puta i a ia, otirā ki tō mātau ahurea me te āhua o tā mātau mahi me ngā pātui, mā tōna aronga toritori me ōna pūmanawa kaiārahi tūturu.

Heoi, ka mihi te Poari ki te Pou Whakahaere mō tētahi wā a Mark Ratcliffe mō tāna ārahi i a Waka Kotahi i te 2019/20. Ka mihi anō mātau ki Ngā Kaihautū, ki ā mātau kaimahi katoa, me ō mātau pātui me ngā kaikirimana mō ngā mahi tino kōunga i oti i te 2019/20 kia nekeneke haere tonu a Aotearoa i roto i ēnei wā tino rerekē.



**Tā Brian Roche**  
Heamana



**Nicole Rosie**  
Pou Whakahaere

# Impact of COVID-19

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. The New Zealand government raised the country's Alert Level to 4 on 25 March 2020. This unprecedented event has had significant impacts on the country's health, wellbeing and economy. As with all other organisations and businesses, Waka Kotahi NZ Transport Agency has been significantly affected by COVID-19.

## ORGANISATIONAL RESPONSE

Through the successful deployment of our business continuity plans during the Alert Level 4 lockdown, we continued our emergency services for state highways. Most Waka Kotahi employees were able to work effectively from home during the lockdown and into Alert Levels 3 and 2, with essential employees working from the office where required. As employees returned to the office post-lockdown, additional health and safety procedures were put in place, including increased cleaning and hygiene measures, social distancing protocols and contact tracing. Our people's wellbeing has remained a key focus, with active support programmes in place to respond to our people's needs.

## FISCAL IMPACTS

The economic consequences of the pandemic are significant. During Alert Levels 4 and 3, transport volumes fell significantly. Traffic counts in the major urban centres (Auckland, Hamilton, Wellington, Dunedin and Christchurch) fell 72 percent on average during Alert Level 4 compared with the previous year, and 48 percent during Alert Level 3. As a result, fuel excise duties and road user charges, the main revenue sources for the National Land Transport Fund (NLTF), were commensurately reduced. The financial impact in 2019/20 was to reduce NLTF revenue by around seven percent (\$325 million). NLTF revenue reduction will continue in 2020/21 - the extent of which will depend on the enduring impacts of COVID-19 on travel behaviour and the recurrence of elevated Alert Levels.

COVID-19 similarly affected the regulatory revenue of Waka Kotahi due to fewer motor vehicle registrations, driver licenses and so on. As a result, regulatory revenue was approximately five percent (or \$8 million) below budget for 2019/20.

**Our people's wellbeing has remained a key focus, with active support programmes in place to respond to our people's needs.**

## **DELIVERY AND SERVICES**

During the Alert Level 4 lockdown, Waka Kotahi stopped work on its capital projects with only emergency works being undertaken. As work restarted post lockdown, additional measures to manage COVID-19 risks added to contractors' costs and had some impact on productivity. It will take several more months to fully assess and settle the resulting contractual claims from contractors and suppliers to meet the additional direct costs as well as to assess impacts on project timelines.

Lockdown had an immediate impact on our roading contractors' and suppliers' cashflow. In anticipation, Waka Kotahi developed an advanced entitlement payment (AEP) scheme. AEP offered advance payments, offset against subsequent contractual claims, to provide cash flow support and help our contractors and suppliers maintain their workforce during lockdown. AEP payments totalled \$14 million to 30 June 2020.

Public transport continued throughout all COVID-19 Alert Levels, recognising its role as an essential service for the community and allowing critical workers, such as those in the health sector, to get to their place of work. Waka Kotahi agreed to meet, from the NLTF, the shortfall in public transport fares as patronage fell, as well as the costs for such things as additional cleaning and personal protective equipment. The extra funding supported a 'fare free' policy designed to reduce the risk of infection by reducing personal interactions between passengers and public transport employees. Funding of \$90 million was provided under the scheme to 30 June 2020. Waka Kotahi has subsequently agreed to a further extension of the scheme.

## **FISCAL RESPONSE**

The combination of reduced revenue and additional expenditure meant the NLTF required financial assistance from the Crown to deliver the National Land Transport Programme - including maintaining our co-investment with local authorities. In addition to utilising its existing borrowing facilities (\$250 million) to manage short-term shocks and seasonal cash flow variations, as part of the government's initial COVID-19 response, borrowing facilities available to Waka Kotahi were increased by \$425 million. Funding was also provided to offset the impact of COVID-19 on regulatory revenue.

In July, additional Crown financial support was approved by Cabinet, including additional funding and financing totalling up to \$900 million to manage COVID-19 impacts in 2020/21.

# 2019/20 by the numbers

We manage and maintain **11,768 kilometres** of sealed and **32.3 kilometres** of unsealed **state highways**, which support economic growth and are critical in connecting our regions and communities

## \$6.8 BILLION

New Zealand Upgrade Programme (NZUP) - walking and cycling, road and rail infrastructure - announced by the government in January 2020

## 9%

increase in stakeholder satisfaction levels

## 13,701

children took part in the Bikes in Schools programme

## 1,935

people in **21** locations around New Zealand  
**1874** permanent  
**61** fixed term

## \$409 MILLION

Huntly section of the Waikato Expressway opened in February 2020

## 63.2 KM

of walking and cycling facilities delivered



# 138,803,111

boardings on public transport services

# 503,510

driver licenses issued

# 339,142

vehicles registered

# 6.6 MILLION

warrant of fitness and  
certificate of fitness  
inspections completed

# \$362 MILLION

investment on road  
safety enforcement  
through the NZ Police

# 11,800km

state highways managed  
and maintained

# 334km

of side and median  
barriers installed

# 801km

of rumble strips installed



# Waka Kotahi – year in review summary

## NAVIGATING FOR THE FUTURE

2019/20 has been a year of significant growth for Waka Kotahi, as we set out on a journey to refresh and revitalise our organisation. Our people, Board and new Executive Leadership team are committed to the journey to refresh and revitalise the organisation.

Our refreshed purpose is shown through the move to our new name - **Waka Kotahi NZ Transport Agency**.

‘Waka Kotahi’ conveys the concept of ‘travelling together as one’ with our partners and reflects the safe, sustainable outcomes we are seeking – one integrated land transport system that keeps people safe and communities connected.

## Continuing to deliver during COVID-19

Waka Kotahi has played a critical role in keeping New Zealand moving safely during the COVID-19 response. Working remotely from our bubbles, we worked closely with our partners and contractors across the country to ensure that public transport continued to operate to support essential services, vulnerable people and workers. We ensured that worksites were shutdown safely and securely and ensured work progressed under strict health and safety controls post-lockdown.

COVID-19 has had a significant impact on our key programmes, performance targets, and on our revenue from fuel tax and road user charges. We have therefore refreshed our 10-year land transport strategy *Arataki* to reflect the impact of COVID-19 on the land transport system and on our co-investment partners.

## Infrastructure investment

The government launched the New Zealand Upgrade Programme (NZUP) in January 2020, a \$6.8 billion investment to get our cities moving, save lives and boost productivity. Funded by the Crown, Waka Kotahi is the main delivery agent for the programme of investment in road, rail, public transport and walking and cycling infrastructure in our seven growth areas – Northland, Auckland, Waikato, Bay of Plenty, Wellington, Canterbury and Queenstown. Five exciting large projects are scheduled to start construction in 2020/21, including Penlink, Northern Pathway, Papakura to Drury South, Tauranga Northern Link and SH58 stage two safety improvements.



## Strengthening our partnerships with iwi



Waka Kotahi is committed to engaging more effectively with iwi to build stronger, more meaningful and enduring partnerships. We are placing greater importance on the value of Te Ao Māori views in the work we do – this is critical for us to enhance the way we deliver the land transport system.

A key part of our work is to support Waka Kotahi people to have the capability, capacity and confidence to partner and engage successfully with Māori.

In early 2019, we launched *Te Ara Kotahi* - our Māori strategy. It was a significant step on our journey towards better meeting our commitment to the Treaty of Waitangi. Since then, we have delivered *Te Ara Poutama*, our Māori cultural competency framework and *Te Reo Rangatira* - our Te Reo Māori policy.

A particularly significant achievement during the year has been the establishment of four new Pou Ārahi roles in the Māori partnerships team - Te Mātangi - to help support our people respond to the growing opportunities to work with our Treaty partners.

## SH29A Matapihi pou whenua unveiled

In March 2017, when preparing to install a median safety barrier on SH29A near Matapihi we uncovered the Tukiata Pā site, a 40m long trench which appeared to have been used as a coastal defence.

We have worked with Ngāi Tukairangi, Ngāti Hē, Ngāti Tapu and Heritage New Zealand to recognise the cultural archaeological features of this site. This has included the construction of a pou whenua at the Tukiata Pā site by the highly skilled and well-established carver and artist Pohe Luttenberger, which was unveiled in July 2020.



## Symbolic restoration of Te Uapata Paa

A highlight this year was our partnership with Waikato-Tainui on the Huntly section of the expressway. This partnership led to the symbolic restoration of the Te Uapata Paa, with a tomokanga (entrance), pou and palisades built to mark the site which was once a thriving paa bounded on three sides by a stream and lagoon.

The \$409 million Huntly section of the expressway opened in February 2020, with a traditional iwi blessing and stakeholder event held to mark its opening and reflect the cultural and historic significance of the site for local iwi.

## Setting the regulatory course for the future

Strengthening our regulatory compliance model has been a key focus for Waka Kotahi over 2019/20 and a highlight was the launch of our new regulatory strategy *Tū ake, tū māia* Stand Up, Stand Firm. It articulates our new way of working as a ‘real-world regulator’, which is to be firm and fair in applying the principles of good regulatory practice.



Being a real-world regulator means:

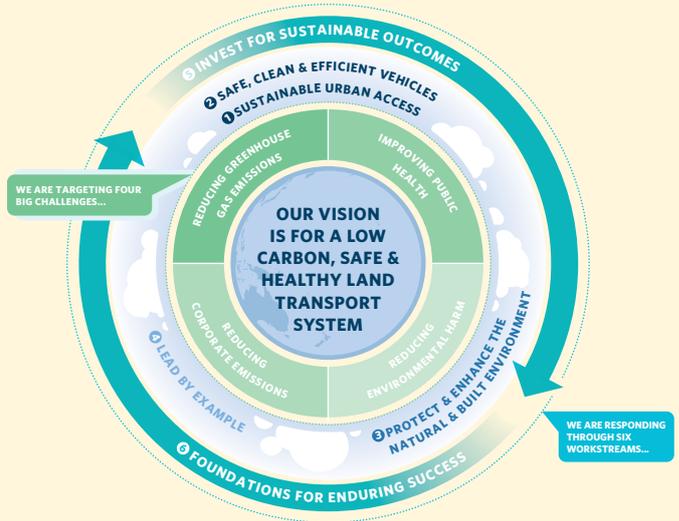
- we take a systems view that is focused on improving safety outcomes and reducing harm
- we work to understand why people behave the way they do and are pragmatic in how we respond
- we engage and educate to support people to comply and enforce compliance when necessary.

We have learnt from past reviews and failings to focus on improving our processes, systems and capability to enable us to transition towards a best practice regulatory compliance model that delivers to our core regulatory purpose, functions and objectives.

## Continuous improvement

In 2019/20 we completed our Investment Decision Making Framework (IDMF) review. The review has led to improvements in our development of business cases, how they are prioritised and assessed, and in the reporting of benefits realisation. The rollout of a training programme beginning with Waka Kotahi employees has begun, and we expect our people to begin using the new IDMF from August 2020.

## Think sustainably



*Toitū Te Taiao*, our sustainability action plan was formally launched on World Earth Day in April 2020. *Toitū Te Taiao* sets out our vision for a low carbon, safe and healthy land transport system, and outlines how we will achieve this by reducing land transport emissions, helping to improve public health, reducing environmental harm and reducing our own corporate emissions.

This type of change will take time so we must start now if we are to meet our 2050 targets under the Zero Carbon Act. *Toitū Te Taiao* is a long-term, significant change programme that will be delivered in partnership with many others. It supports the government’s transport priorities and gives effect to many other key government initiatives.

## Safety at our heart



During the year we worked closely with the Ministry of Transport and NZ Police to launch the government's Road to Zero national road safety strategy, which outlines the government's plan to reduce deaths and serious injuries on New Zealand roads, cycleways and footpaths by 40 percent over the next 10 years.

Over 2019/20, our initiatives to improve transport safety included the launch of the Safe Vehicles Programme, a campaign focusing on reducing the number of 1-star and 2-star safety rated light vehicles from the fleet.

Our approach has been to increase public understanding of the role a vehicle can play in the outcome of a crash through ongoing advertising and media engagement, to raise consumer awareness of vehicle safety ratings.

We also continued to implement the Safe Network Programme, a \$1.4 billion investment which is improving roads across New Zealand through the installation of median and side barriers, rumble strips, and setting safer speeds limits.

## Promoting public transport, walking and cycling in communities

Growing the share of travel via public transport and active modes (like walking, cycling and scooter use) and reducing the reliance on single occupancy vehicles, helps shape our cities and towns to be places that can support a better quality of life, both now and in the future.

In September 2019, we released Keeping Cities Moving, the plan of Waka Kotahi to increase the wellbeing of New Zealanders by increasing uptake of public transport and active modes (known as 'mode shift').

In 2019/20, we completed the Auckland mode shift plan and are developing mode shift plans in other urban growth centres – Hamilton, Tauranga, Wellington, Christchurch and Queenstown.

We also completed Phase One of the Innovating Streets for People programme, which creates more appealing environments for people to walk, cycle and play. We also launched the Innovating Streets for People pilot fund. To date, 40 projects have been approved through the fund that will be delivered across the country to make our streets more people-friendly.

Growing the share of travel by public transport is one of the key components of our mode-shift strategy. During 2019/20 there was a decrease in patronage because of COVID-19 however public transport continued to operate as an essential service throughout all Alert Levels. This was supported by an additional \$90 million in funding from the National Land Transport Fund (NLTF).

In 2019/20, Waka Kotahi delivered a total of 63.2km of walking and cycling facilities, including 33.2km delivered through the Urban Cycleways Programme. During this period, we have also seen a pleasing ongoing increase in cycling counts in the three main urban centres.



## Delivering on the ground

### Rebuilding Kaikōura

The Kaikōura rebuild is expected to be completed by March 2021, with 97 percent of planned projects already finished. The rebuild sought to repair the unprecedented level of damage caused to the Main North Line railway and SH1 along the east coast of the South Island by the 7.8-magnitude November 2016 Kaikōura earthquake. It has been led by the North Canterbury Transport Infrastructure Recovery (NCTIR) Alliance, and since 2016 more than 10,000 people from 1,350 organisations have helped to restore the transport corridor along the Kaikōura coastline.

### Work to begin on the Te Ahu a Tūranga: Manawatū-Tararua highway

Consultation throughout 2019/20, saw the Manawatū Gorge Alliance agreement signed in August 2020. The agreement between members of the Manawatū Gorge Alliance enables work to begin on the new Te Ahu a Tūranga: Manawatū-Tararua highway (Manawatū Gorge replacement). The new route will replace the no longer safe SH3, which has been closed indefinitely since 2017. The Manawatū Gorge Alliance includes Waka Kotahi, Fulton Hogan, HEB Construction, Aurecon and WSP, who will design, construct and deliver the preferred option. The new route will connect the Manawatū, Tararua District, Hawke's Bay and Northern Wairarapa regions, restoring the vital link for locals, travellers and businesses across the North Island.

### Improving resilience on the West Coast

Waka Kotahi has spent about \$31 million over the last 12 months on responding to storm events on the West Coast. Over the next three years, Waka Kotahi will continue to work with local government, other government agencies, and communities such as Franz Josef to improve the resilience of the state highway network in this region.

### Southern Corridor Improvements



Over \$250 million has been invested in Auckland's Southern Motorway as part of the SH1 Southern Corridor Improvements to increase reliability and safety. The project includes adding more lanes, walking and cycling paths, safety barriers, new noise walls and upgrading the Takanini Interchange.

### Repairing Milford Road



State Highway 94 Milford Road is the only road access to Milford Sound, one of New Zealand's favourite tourist destinations. Following devastating storms in Fiordland in early 2020, the Milford Road Alliance, a partnership between Waka Kotahi and Downer NZ, worked quickly to repair the damage and to re-open the road to all traffic, just six weeks after the storms. Larger-scale repairs are ongoing, supported by the partnership approach taken through the Alliance. This ensures the needs of local communities are met as the work progresses.

## Our people

We work throughout New Zealand, employing 1,935 people across 21 locations from Whangārei to Dunedin.

To meet our extensive delivery requirements through new government investment, our permanent FTE has increased by 23 percent since 30 June 2019.

The year also saw a significant increase in employee satisfaction from 51 to 59 percent, with our people reporting they felt more connected to the organisation's purpose and safer to raise issues that matter.

### Closing the gender pay gap

Waka Kotahi is committed to the government's aims of closing the gender pay gap and achieving pay equity. Over 2019/20 Waka Kotahi completed its gender pay gap review. The first round of pay adjustments have occurred to ensure remuneration equality across Waka Kotahi and have resulted in most bands having a gender pay gap of less than one percent.

Waka Kotahi continues to implement its diversity and inclusion framework and a three-year work programme to address the gender pay gap and meet the government's commitment to close the gender pay gap in same or similar roles by the end of 2020.

### Encouraging young talent

We recognise that our organisation's performance and success depends on the passion, expertise and skill of the people who choose Waka Kotahi as a great place to work. Through our Emerging Professionals programme, we are working to build future capability for the benefit of the whole transport sector and New Zealand. Our two-year rotational programme brings some of the country's top emerging talent together with the best people from across Waka Kotahi. The programme provides multiple opportunities across the country and offers emerging professionals the chance to design their two-year career journey while receiving ongoing mentoring and training from some of the best in the industry.

## Finance overview

For the financial year to 30 June 2020 Waka Kotahi reported:

### Total revenue of \$3.5 billion

primarily income from the National Land Transport Fund and direct funding from the Crown, to invest in national and regional land transport infrastructure, public transport services and maintenance.

### Operating costs of \$3.5 billion

which included \$1.8 billion co-invested with approved organisations and \$0.6 billion for state highway maintenance. The figure also includes \$0.6 billion for depreciation of state highway assets.

### Capital spending of \$1.9 billion

on the state highway network and walking and cycling pathways. The total includes initial Crown funding of \$0.1 billion as we commence the \$6.8 billion New Zealand Upgrade Programme (NZUP) announced by the government in January 2020.

### Value of the state highway network \$52.2 billion

including property at 30 June 2020. The valuation has increased by \$1.5 billion since last year mainly due to new investment in the network and movements in price indices used in valuation estimates.

### Total liabilities of \$4.1 billion

of which over half relates to two public-private partnerships (PPPs) including the related interest rate swaps. Liabilities includes: over \$0.3 billion of new loans from the Crown in 2019/20 to fund the National Land Transport Programme, offsetting the impacts of COVID-19; and to finance remediation and improvement of our regulatory function.

Further information on the financial position and expenditure programmes is provided in Section C: Financial statements and audit report; and in the 2019/20 NLTF annual report.

# Transport outcomes

The Transport Outcomes Framework was launched by the Ministry of Transport in June 2018. This framework defines the long-term strategic outcomes for New Zealand's transport system. The purpose of the transport system is to improve people's wellbeing and the liveability of places.

The framework describes five long-term outcomes (as shown in figure 1):

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

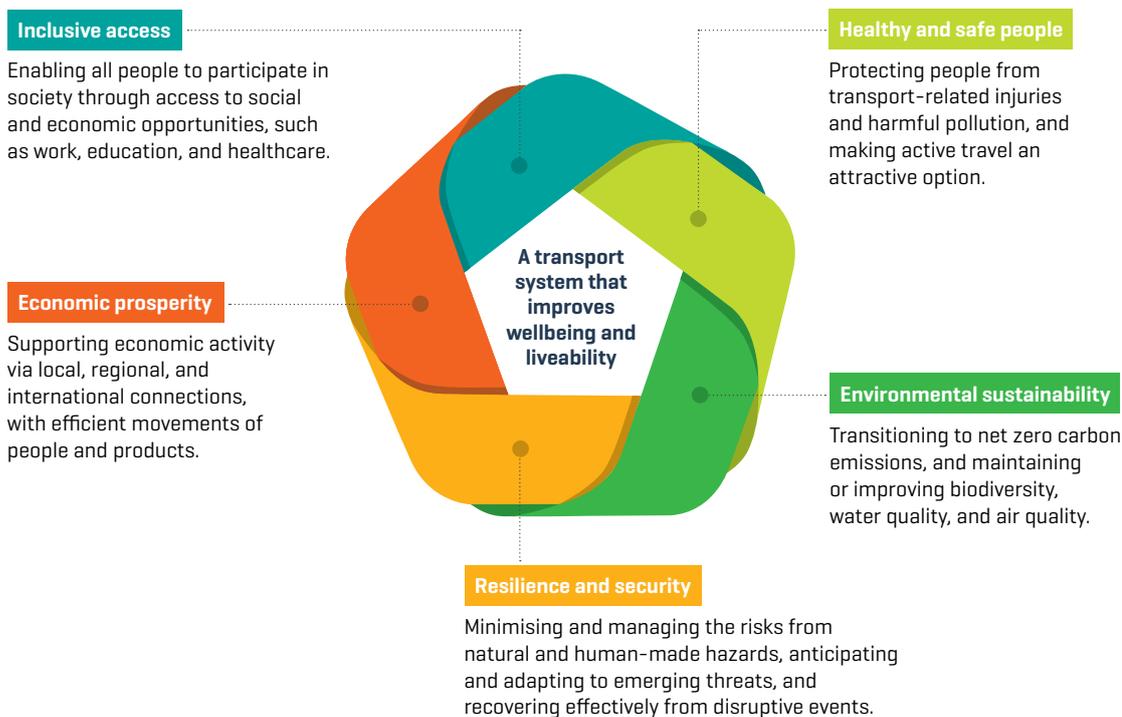
These outcomes are interrelated and need to be achieved together to improve intergenerational wellbeing and the quality of life in New Zealand's cities, towns and provinces. The government may prioritise some outcomes over others, depending on the social, economic, political and environmental circumstances of the day.

The Transport Outcomes are reflected in the Government Policy Statement on land transport priorities and our strategy.

A guiding principle for the framework is mode neutrality. Mode neutrality means considering all transport modes when planning, regulating and funding transport and basing decisions on delivering positive social, economic and environmental outcomes.

## FIGURE 1

### Ministry of Transport's transport outcomes



# Government Policy Statement on land transport

The government’s primary instrument for setting the near-term direction for the land transport sector is the Government Policy Statement on land transport. This policy statement sets out the government’s priorities for land transport and the results it wishes to achieve through the allocation of funding from the National Land Transport Fund over a 10-year period.

For the period 2018/19 to 2027/29, these priorities are (as shown)

- a safer transport network free of death and injury
- accessible and affordable transport
- reduced emissions
- value for money.

The policy statement sets out how funding is allocated over the next three years to achieve the desired results across activity classes such as walking and cycling, road policing, state highway improvements and maintenance, local road improvements and maintenance, and public transport. This policy statement is the primary guide for the investment we make in the land transport system on behalf of the government.

Our strategy (see page 22) is aligned to the Transport Outcomes and the Government Policy Statement through our eight position statements and our performance measures.

The annual report on the National Land Transport Fund (from page 249) reports on the delivery of the National Land Transport Programme and the use of the National Land Transport Fund to contribute to the Government Policy Statement priorities.

Work is well advanced to develop the next Government Policy Statement on land transport, which will set out the government’s direction for land transport over the next ten years. We are supporting the Ministry of Transport as they develop the Minister’s policy statement. Following the release of the final policy statement, we will consult on its prioritisation approach to the National Land Transport Programme 2021–24.

**FIGURE 2**  
Strategic direction of the GPS on land transport



# Our strategy

## A NEW STRATEGY IS BEING DEVELOPED

We have begun resetting our organisational strategy to give strong direction to deliver on our priorities. As we develop our strategy, we will identify and incorporate values and behaviours that will enable us to achieve our organisational priorities. Our values and behaviours are important for building a positive culture that supports what we want to achieve as Waka Kotahi. We want values everyone can connect with, and that build a sense of belonging about what it means to work at Waka Kotahi.

Our three, current long-term strategic responses – a system response, a people-centric response and a community response – describe the direction we are taking to deliver value to New Zealand (see figure 3). These are the three big changes we need to make to deliver what is expected of us.

Our eight position statements describe what we believe are the significant challenges for the sector and Waka Kotahi, and they guide us to deliver on the Government Policy Statement priorities.

By addressing these challenges, we can make the big changes we're aiming for in our strategic responses and achieve the Government Policy Statement on land transport.

We measure our progress by monitoring:

- performance measures that align with the Transport Outcomes and Government Policy Statement measures, where relevant
- our progress towards target states, which describe the results and changes we want to see by 30 June 2021
- significant activities and performance expectations for our 19 output classes that are set out each year in our Statement of performance expectations.<sup>1</sup>

Our strategy is described in our *Amended Statement of intent 2018–22*. We amended the earlier Statement of intent to introduce a suite of measures aligned with the latest Government Policy Statement. See also our *Statement of performance expectations 2019/20*, which sets out how we measure the financial and non-financial performance of the activities we deliver and invest in (output classes) and our forecast financial statements.

**Our values and behaviours are important to build a positive culture that supports what we want to achieve as Waka Kotahi**

<sup>1</sup> Our Statement of performance expectations 2019/20 is available from the Waka Kotahi NZ Transport Agency website: [www.nzta.govt.nz/spe](http://www.nzta.govt.nz/spe)

## WORKING WITH PARTNERS AND STAKEHOLDERS

In 2019/20, Waka Kotahi worked with many other agencies and organisations, in New Zealand and internationally, to meet New Zealanders' daily transport needs. In some cases, we invested together in the network. In others, our partners and stakeholders managed relationships with customers on our behalf. While the relationships vary, our partners depend on us and we depend on them to get things done.

To provide the best possible services to our customers and stakeholders, we work closely with:

- transport operators
- our service delivery agents, who, through their 4000 outlets, support us to process motor vehicle and driver licensing transactions
- transport committees, regional councils and territorial local authorities, which are responsible for implementing transport projects and other activities funded through the National Land Transport Programme
- suppliers, including contractors and consultants
- the New Zealand Police, who we fund and work with to provide a range of road policing services
- the Ministry of Transport, which is responsible for leading the development of strategic transport policy and monitoring performance of the sector's Crown entities and industry groups
- other central government and local government organisations.

Waka Kotahi is also one of several government agencies operating in the transport sector. Our role is to provide a vital link between government policy making and the operation of the transport sector.

**FIGURE 3**  
Our strategy

