


OC250894

5 November 2025



Tēnā koe 

I refer to your request dated 24 September 2025, partially transferred to the Ministry of Transport (the Ministry) for the following information under the Official Information Act 1982 (the Act):

“the 2025 agency Performance Plans as described in the Cabinet circular [CO \(24\) 4: Performance Plans: Requirements and Expectations | Department of the Prime Minister and Cabinet \(DPMC\)](#).”

Initial Vote Transport Performance Plan (submitted November 2024) falls within the scope of your request and is enclosed.

Certain information is withheld under the following sections of the Act:

- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman’s website www.ombudsman.parliament.nz

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry's website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'Richard Cross', written in a cursive style.

Richard Cross
Acting Manager, Investment

1. Vote overview: Vote Transport

KEY ISSUES

Vote Transport has an important role to play in unlocking economic growth and productivity for New Zealand. Unlocking this potential will require significant investment in our transport networks, changes to how we deliver, finance and monitor investments and services, and changes to how the transport sector is regulated.

Ensuring value for money from transport expenditure is critically important. Through Budget 2024 and the development of the Government Policy Statement on Land Transport 2024, we have been reorientating expenditure and activities within the Vote towards Government priorities. In total over 2023/24, Vote Transport delivered considerable savings of over \$3 billion to do our part in supporting Government priorities. Agencies have also been given clear signals to seek efficiencies within baselines and to look for ways to improve how services are delivered.

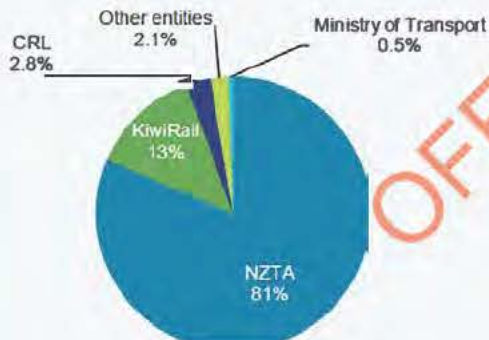
Work has already begun on transitioning the revenue system, exploring alternate funding and financing models and shifting towards longer-term planning. Currently, significant levels of Crown support are required to deliver transport priorities, price signals are inefficient and revenue and financing tools are underutilised. We seek to move to a revenue system that is fit for purpose to deliver on an ambitious investment programme.

Safety and security of the transport system is also a top priority. We seek an improvement in road safety outcomes, but achieving this will be challenging and require a multi-agency effort.

We expect that even with these efforts outlined above, delivering priorities within existing baselines will require significant trade-offs. There are processes underway (such as a line-by-line economic analysis of the rail network to inform approval of the Rail Network Investment Programme (RNIP), development of Roads of National Significance business cases and a 10 year GPS) that will provide greater visibility on recommended benefits and trade-offs to support future investment decisions.

SPEND BY PORTFOLIO

1.1 Vote Transport funding by entity 2024/25



TARGETS AND PRIORITIES

Government targets

The Ministry contributes to **Target 9: Reduced net greenhouse gas emissions**

Within the Second Emissions Reduction Plan (ERP2), proposed policies for transport include: 10,000 public EV charge points by 2030, the Clean Car Standard, and supporting public transport in our main cities.

As at the quarter ending 30 September 2024, the Government was on track to achieve target EB1 (290Mt CO₂-e, 2022-2025) and on track to achieve target EB2 (305Mt CO₂-e, 2026-2030) if all proposed ERP2 policies are implemented as planned.

Strategic priorities

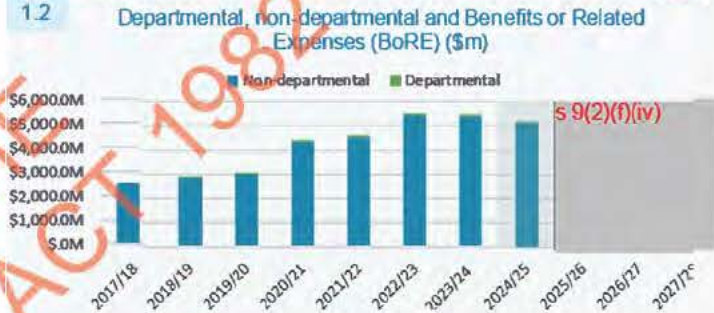
There are six strategic portfolio priorities for the period:

- **Economic growth and productivity.** Efficient investment in our land transport system connects people and freight quickly and safely. Core to this priority is the reintroduction of the Roads of National Significance programme.
- **Transitioning the revenue system.** A sustainable and fair revenue system will be a critical foundation for the land transport system to fully play its part in increasing New Zealand's economic growth and productivity.
- **Improving road safety.** A safe transport system is critically important. The steady decline in deaths and serious injuries we observed between the 1980s and early 2010s has slowed over the past decade.
- **Modernising the aviation system.** While New Zealand's aviation system is safe and secure by international standards, there are opportunities to make it more efficient.
- **Emissions reset.** This includes recognising that the Emissions Trading Scheme (ETS) is the Government's key tool to reduce emissions.
- **Strengthening our monitoring and assurance function.** The Ministry plays a crucial role in understanding the performance of transport networks and driving a focus on value for money and efficiency in Crown entities.

Portfolio priorities

Same as the above.

EXPENDITURE BY TYPE



Recent changes in expenditure

Between 2017/28 and 2023/24, Vote Transport operating expenditure grew by \$2.919 billion. Increased investment in road and rail networks, emissions reduction activities, the impacts of COVID-19, and the 2023 North Island Weather Events (NIWE) drove this expenditure growth.

In 2021, the first Rail Network Improvement Plan (RNIP) was adopted, providing a \$1.3 billion investment into the maintenance, renewal and operation of the national rail network over the 2021-24 period. In 2023/24, \$676 million was spent on these activities.

Between 2017 and 2024, annual operating expenditure on the National Land Transport Programme (NLTP) increased by \$858 million (total NLTP expenditure increased by \$3.23 billion). The increase in operating expenditure is, in part, due to a greater focus on public transport and walking and cycling from 2018 to 2024 and the impacts of the NIWE.

So far, \$1,026 million (\$464 million operating and \$562 million capital) has been spent on the NIWE road response and recovery activities. Further investment is required to return the network to pre-event conditions.

Departmental expenditure is less than 1% of the Vote. It is forecast to decrease from 0.71% of the Vote in 2017/18 to 0.56% of the Vote in 2024/25.

Expected changes in expenditure

Over the medium term, forecast expenditure reflects investment decisions taken through GPS 24. Upcoming decisions on RNIP (unfunded past 2025/26) and increased investment in the NIWE response may increase expenditure further. Over the long term, transport expenditure is driven by the size of the transport network, desired asset condition, price pressures on maintenance and build costs, and will increasingly be influenced by the impacts of climate change (through a combination of adaptation, mitigation and emergency work expenditure). The fiscal impact of these expenditure changes will be influenced by decisions taken around revenue and financing.

Monitoring and funding of Crown companies or entities

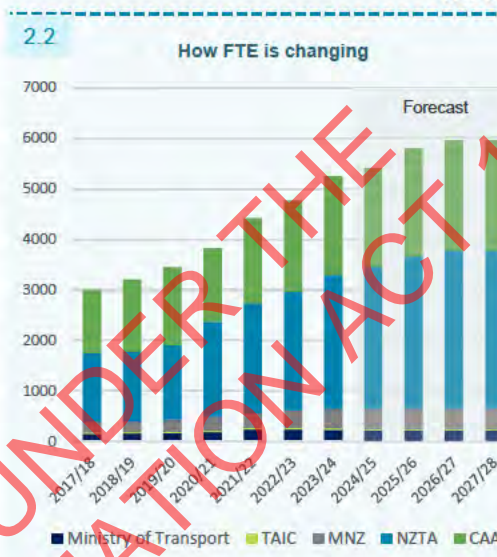
The Ministry of Transport monitors the New Zealand Transport Agency (NZTA), Civil Aviation Authority (CAA), Maritime NZ (MNZ), Transport Accident Investigation Commission (TAIC), Auckland Light Rail Limited (in wind-down) and City Rail Link Limited (alongside the Treasury and Auckland Council). We also provide funding to the State-owned enterprises KiwiRail, MetService and Airways.

2. Vote overview: Current specific fiscal risks, workforce, and third-party revenue

SPECIFIC FISCAL RISKS

Title and Description	Cost range and Probability	Mitigations
Transport Project Funding Transport investments additional to what has already been supported through GPS 2024	s 9(2)(f)(iv)	<ul style="list-style-type: none"> - Phasing and scaling projects - Transitioning the revenue system - Exploring alternative funding tools
Support for National Land Transport Fund Challenges to the NLTF in delivering the Government's transport spending priorities		<ul style="list-style-type: none"> - Transitioning the revenue system
Rail Network Investment Programme Completing the partially funded 10 year RNIP of work on the national rail network		<ul style="list-style-type: none"> - Ongoing network economics analysis exercise to inform approval of the RNIP
Auckland City Rail Link Ownership Assets received by the Crown could have an adverse impact on the operating balance	s 9(2)(b)(ii)	
Metropolitan Rail Networks Maintaining, renewing and upgrading Auckland and Wellington metropolitan rail		<ul style="list-style-type: none"> - Ongoing MROM review includes a workstream to advise on a long-term funding system for metropolitan rail
Emergency Works and Adverse Weather The NLTP allowance may not be sufficient for large and unprecedented weather events		<ul style="list-style-type: none"> - Continuing response and recovery works to maintain and further develop a resilient transport network

WORKFORCE



Drivers and implications of changes in FTE

The growth in FTE has primarily been driven by NZTA and CAA, who have grown by 1,300 and 704 FTE respectively from 2017/18 to 2023/24.

NZTA's historical FTE growth has been partially driven by new Crown initiatives established during the period

Delivering Crown infrastructure programmes (LGWM, ALR, NZUP), and ERP initiatives have all required additional FTE.

Further historical FTE growth relates to regulatory capability increases within NZTA, CAA and AvSec's security functions

NZTA increased its regulatory function following the failures in 2018. CAA required additional FTE to deal with increased demand for security checks and increased international travel from regional airports. CAA also increased capacity to manage emerging technologies.

NZTA and CAA are forecasting further FTE growth

NZTA is forecasting significant workforce increases (449.2 FTE) to support the delivery of Government priorities. CAA is forecasting a smaller increase (236 FTE) to deliver improvements in capacity and capability consistent with its recent funding review (CAA's forecast FTE are subject to change dependent on funding review decisions).

DEPARTMENTS WITH THIRD PARTY REVENUE (INCLUDING TAX, FEES, LEVIES, EXCISE, DUTIES AND CHARGES)

Revenue sources



Scenarios that could impact third-party revenue

Scenarios	Incidence in last 10 years	Likely in next 10 years?
National Land Transport Fund: revenue is insufficient to fund desired levels of investment	Yes	Yes
CAA funding review is delayed past planned implementation date (currently 1 July 2025)	Yes	No
Revenue shock to third-party revenue (including fees and charges and land transport revenue).	Yes	No

Activities funded by third-party revenue and when were they last reviewed

Activity name	% User funded	Date last reviewed	Date next reviewed	Material under or over recovery	Key performance measures	2023/24 Performance
CAA - Security Service Delivery \$172m	71%	2019 AvSec Funding Review	Review underway	Under-recovery Supported by liquidity funding since 2020	The output class has six measures. Those with performance figures are: 5.1.4 Number of complaints upheld against the Aviation Security Service per 50,00 screened. 5.2.1 Security monitoring of restricted areas against regulated standards.	Target: <2 2023/24: 0.61 est. Target: 100% 2023/24: 100%
NZTA - Driver Licensing & Testing \$67m	93%	Mid-2023 (effective 1 Oct 2023)	2025/26	Under-recovery	There are three measures for this activity. One has performance figures: DLT1 Non-compliance actions for licence course providers and officers progressed in acceptable timeframes	Target: >95% 2023/24: 100% est.
MNZ - Regulatory operations \$41m	53%	2022/23 Funding Review (effective 1 July 2024)	2025/26 Full Funding Review (effective 1 July 2027)	None	The output class has nine measures, seven of which have performance figures. These measures span maritime security, regulatory licensing, proactive compliance activity, notifications and enquiries, and investigation and enforcement.	MNZ estimated actuals met the targeted performance standard in 6/7 of the measures.

3a. Value and Performance: Key impact areas

KEY IMPACT AREA: ECONOMIC GROWTH AND PRODUCTIVITY

Current state

New Zealand's land transport system is, in part, hampering economic growth due to congestion, lengthy journey times, delays and inefficient supply chains.

Desired state

Efficient investment in our land transport system connects people and freight quickly and safely, supporting economic growth and creating social and economic opportunities including access to land for housing growth.

- An improved system would have:
- reduced journey times
 - increased travel time reliability
 - less congestion
 - cost-effective public transport
 - more efficient supply chains for freight
 - unlock access to greenfield land for housing development
 - more kilometers of the road network resealed and rehabilitated each year
 - better use of existing capacity.

Actions, constraints and opportunities

Key actions:

The successful implementation of GPS 2024, including delivery of the Roads of National Significance and major transport projects, 10-year GPS, delivery reforms, and revenue reforms will improve the land transport planning environment and increase certainty and efficiency of the sector. Improving price signals will lead to better optimisation and use of assets, allowing for greater economic activity and reduced investment in new infrastructure. Another key action is to achieve funding certainty to deliver rail services, renewals, maintenance and improvements productively and efficiently. Implementation of ERP 2 policies is also critical with transport set to deliver 10,000 new EV charging points by 2030.

Key constraints/challenges:

A key constraint is that prices aren't set to achieve an efficient level of demand in the land transport sector, and do not generate sufficient revenue to meet the level of investment in the transport system (this is a prerequisite to the successful transition of the revenue system).

Constructing new roads to open up land for housing growth, away from existing amenities (work, education, etc) could exacerbate congestion in the long-term due to greater distances new residents may need to travel and through induced travel demand (i.e., new roads generate additional traffic volumes).

Significantly expanding the land transport network could constrain the capacity of the construction sector which may lead to delays and cost increases.

Key opportunities:

Alongside other agencies involved in infrastructure, there are opportunities to develop a secure, long-term, national infrastructure pipeline. This will provide certainty to the sector to build and retain a skilled workforce that has the ongoing capacity and capability to deliver major infrastructure projects.

Opportunities exist to improve efficiency and productivity of the road construction sector through changes to safety policy, as well as through increased use of alternative delivery arrangements such as public private partnerships.

Consenting reform and amendments to the Public Works Act provide opportunities to improve delivery times, and ensure projects are consented and property is acquired quickly after a project is agreed to.

Improvement and learning

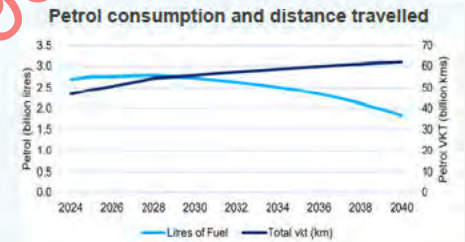
The Ministry is focusing on improving value-for-money in all parts of the transport sector.

KEY IMPACT AREA: TRANSITIONING THE REVENUE SYSTEM

Current state

The country requires more investment to maintain the existing network and build new transport infrastructure and services than the current revenue system can sustain.

Our existing revenue tools are based on fuel usage and as a result, face an increasing risk of obsolescence as vehicle efficiency improves. This will erode the effectiveness of Fuel Excise Duty (FED) as a key funding source for land transport.



Desired state

A more efficient use of the transport network and more sustainable funding of its maintenance and improvements through accurate and transparent price signals and user-pays revenue collection.

Actions, constraints and opportunities

Key actions:

- Implementing a modernised road user charges system for all road users by 2027.
- Introducing new revenue tools, greater use of tolling, and road pricing levers.
- Exploring smarter use of a range of financing approaches and tools to fund new infrastructure.
- Streamlining compliance and enforcement to address revenue leakage.

Key constraints/challenges:

Although this important work aims to implement a sustainable revenue system in the future, there will be cost and resourcing implications associated with the transition. These costs could be significant, depending on the policy choices taken.

A key risk is that the current demand for infrastructure investment exceeds current revenue but the tools to address this shortfall are still in development.

A key challenge will be building public support for expanding revenue tools, such as tolling.

Key opportunities:

To deliver on this priority we will need to work closely with the New Zealand Transport Agency and other stakeholders to deliver a more stable revenue base for the National Land Transport Fund and a fairer charging system for the vehicle fleet that adopts a user-pays approach.

s 9(2)(f)(iv)

Improvement and learning

The Ministry has developed, and is implementing, a work programme to transition the revenue system that includes a range of actions, and that is adaptable to changing circumstances including the availability of new technology.

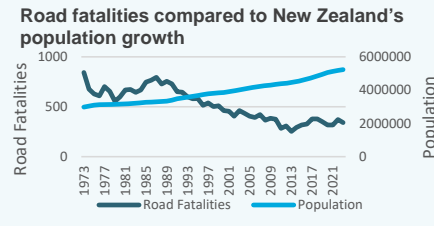
3b. Value and Performance: Key impact areas

KEY IMPACT AREA: IMPROVING ROAD SAFETY

Current state

A safe transport system is critically important. The steady decline in deaths and serious injuries we observed between the 1980s and early 2010s has slowed over the past decade.

Improving safety on our roads is complex and requires co-ordinated action from a wide range of agencies including the New Zealand Transport Agency, the NZ Police, Road Controlling Authorities, and ACC.



Desired state

A greater focus on delivering safety interventions in a cost-effective way that is also supported by road users and local communities.

New Zealanders being able to travel around the road network safely (measured by a sustained reduction in the rate of road fatalities and serious injuries over time).

Actions, constraints and opportunities

Key actions:

To achieve this, we will need to work closely with a range of other actors in the system, and deliver a number of actions, including:

- introducing new objectives and actions for road safety that target the highest contributors to fatal crashes
- amending drug driving legislation to enable roadside oral fluid testing for drug driving
- reviewing and modernising the fines and penalties regime for traffic offences
- working with NZ Police and NZTA to deliver ambitious targets for road policing that are focused on the most high-risk times, locations and behaviours
- improving the driver-licensing system taking into account road safety outcomes (for example, ensuring drivers are adequately trained), alongside making a licence cheaper and easier to obtain.

Key constraints/challenges:

Delivering on road safety objectives requires input from a range of actors which introduces several constraints. For instance, road users taking personal responsibility for their actions on the road, police resourcing to deliver road policing targets, and availability of new technology to support the delivery of oral fluid testing.

Key opportunities:

There are opportunities for NZTA to reduce barriers for third-party investment into road safety, including enabling third-party and market-based funding and delivery of safety initiatives and research. For example, where investment by ACC will result in safety improvements that meet ACC's statutory criteria for investment.

Improvement and learning

The Ministry of Transport, working with other Government road safety partners, will be accountable to the Minister of Transport for monitoring road safety outcomes and the delivery of road safety actions. It is expected that quarterly monitoring will be developed to ensure performance and delivery remains on track.

As road safety partners deliver on existing road safety initiatives, the programme of future road safety actions will be reviewed and updated periodically.

KEY IMPACT AREA: MODERNISING THE AVIATION SYSTEM

Current state

The aviation system plays a critical role in our inter-regional and international connectivity and is responsible for the movement of more than \$10 billion of often time-sensitive export freight each year. Post-COVID, the aviation industry, technology and the wider operating environment is evolving at a rapid pace. It is important that the civil aviation system responds to the resulting challenges and opportunities.

The recent review of New Zealand's air navigation system highlighted the need to improve system leadership to deal with a range of key challenges in the aviation sector, including investment, infrastructure and workforce issues.

The regulatory system needs to be updated to maximise the benefits from emerging technologies, which have the potential to enhance productivity across many sectors and attract new investment into New Zealand.

There is also potential to expand air connectivity across the globe and promote greater transparency and competitiveness across the aviation sector in response to the rising costs experienced by airlines, consumers and other sector participants.

Desired state

New Zealand's aviation sector continues to grow, innovate, and contribute to a stronger, more connected and more resilient country. New Zealand has a world-class regulatory environment that provides greater certainty and timeliness for sector participants. Approval processes are swift and efficient, businesses can thrive, and the industry feels supported, not stifled, by regulation. International connectivity is enhanced by the expansion of flights on a diverse range of routes through international air service agreements and airline alliances. Consumers and other sector participants receive better value-for-money while confidence is maintained in the system's safety and security.

Actions, constraints and opportunities

Key actions:

- Bolster system leadership and work collectively to address key sector priorities.
- Ensuring the successful implementation of the Civil Aviation Act 2023, which will enable the regulatory regime to keep pace with the evolving operating environment, while maintaining safety and security.
- Establishing a regulatory system that allows for rapid iteration and testing of advanced aviation vehicles and technology, working alongside other agencies and stakeholders.
- Driving economic growth through better aviation connectivity - international air service agreements and airline alliances will play a role, as will greater monitoring of airfares and airline performance.

Key constraints/challenges:

New Zealand's location, small population and distance to key markets introduces constraints to creating a more efficient aviation system. Likewise, New Zealand's institutional arrangements can create monopolies that, due to lack of competition, create inefficiencies. Costs have been increasing across the aviation sector, reflected in both higher airfares for consumers and higher costs on airlines and other sector participants. The sector is still recovering from the COVID-19 pandemic. Government has been subsidising the Civil Aviation Authority since 2021, but it needs to move back to a sustainable third party funded operating model from July 2025.

Improvement and learning

The Ministry has developed an aviation work programme to progress this strategic priority. We will monitor progress against delivery of the work programme over the four-year period.

3c. Value and Performance: Key impact areas

KEY IMPACT AREA: SECTOR SAFETY AND SECURITY

Current state

Maritime NZ and NZTA are implementing recently approved funding reviews aiming to right-size regulatory and harm prevention capability and capacity and increase resourcing in specific areas. Price, volume and revenue pressures require both agencies to seek further efficiencies and consider the appropriate level of service in some areas as a response.

CAA (including AvSec) are consulting on changes to fees, levies and charges to address short term funding and resourcing challenges. Although work is underway to foster medium and long term change ("Modernising the aviation sector"), CAA is facing volume pressures relating to emerging technology and international aviation security requirements that require attention in the interim.

The Cabinet-approved Maritime Security Strategy has identified surveillance and response capability gaps. These are being addressed through multiple workstreams.

The Vote also has responsibility for search and rescue co-ordination capability and capacity. Demand for search and rescue response services has increased by 37% since 2024/25, this has been driven by an increased number of people participating in recreational activities, climate-related events, and the uptake of new technology such as personal locator beacons. Maritime NZ state they are now beyond current capacity, with staff fatigue, risk of failure and unnecessary loss of life.

Desired state

Efficient, appropriately resourced safety and security functions, across the aviation, maritime and land transport sectors.

Core frontline search and rescue and harm prevention capability and capacity is sufficient to effectively deliver response services to save lives.

Actions, constraints and opportunities

Key Actions

- Regulatory agencies implementing recently agreed funding reviews.
- Review Search and Rescue capability through Section 9(1) Triennial review.
- s 9(2)(f)(iv)

The Ministry will continue to closely monitor agency performance, to ensure agencies are adequately resourced and deliver against agreed timeframes and budget.

Key constraints/challenges

s 9(2)(f)(iv)

Maritime NZ and NZTA are facing volume, price and revenue pressures. Implementing capacity and capability increases whilst responding to cost pressures will be challenging.

Key opportunities

The National Space Policy and Defence Capability Programme seek complementary investment to that being sought through the Maritime Security Strategy.

Improvement and learning

Through the Ministry's monitoring and assurance function, the Ministry will provide assurance to the Minister of Transport on the performance of the transport system and the operations of the transport Crown entities, including progress towards more efficient safety and security functions.

4. Managing within baselines: Current and future drivers

DRIVERS OF COST PRESSURES AND INITIATIVES FOR MANAGING WITHIN BASELINES

4.1	Operating impact \$m increase, (decrease)					
	2017/18	2024/25	2025/26	2026/27	2027/28	2028/29
Total baseline*	2,437.10	5,913.50	5,058.35	4,436.67	4,646.86	5,044.99
Operating baseline	2,437.10	5,913.50	5,058.35	4,436.67	4,646.86	5,044.99
Total volume pressures	-	10.87	s 9(2)(f)(iv)			
Total price pressures	-	8.07	s 9(2)(f)(iv)			
Total wage pressures	-	6.00	s 9(2)(f)(iv)			
Total other pressures	-	60.40	s 9(2)(f)(iv)			
Total cost pressures	-	85.34	s 9(2)(f)(iv)			
Total reprioritisation/ savings	-	(92.70)	s 9(2)(f)(iv)			
Net impact on baseline	-	(7.37)	s 9(2)(f)(iv)			

*includes all operating (departmental, non-departmental, Benefits or Related Expenses and revenue dependent appropriations). Benefits or Related Expenses and revenue dependent appropriations are removed in the operating baseline.

Summary of cost pressures:

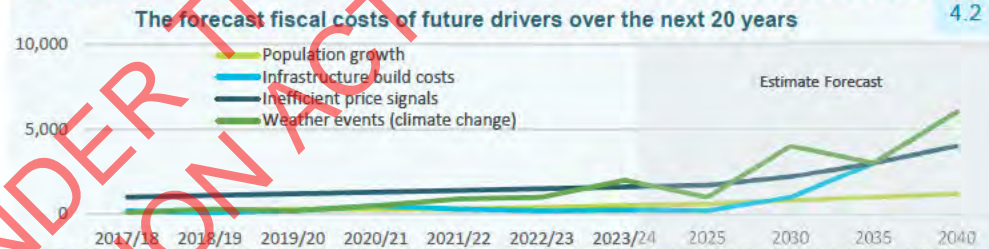
- The transport response to the North Island Weather Events continues to create fiscal pressures across the forecast period (an estimate s 9(2)(f)(iv) operating has been included for local road recovery activities).
- CAA requires an s 9(2)(f)(iv) to cover operating costs out to 2028/29. Fees and levies were last updated in 2017 and do not reflect inflation, additional safety and security costs driven by the international system that we need to maintain access to, or decreased domestic travel volume since COVID-19 (currently at 88 percent of levels five years ago for CAA).
- Our current submission assumes a number of new spending initiatives totalling s 9(2)(f)(iv) operating across the forecast period. This figure should be considered indicative only and will be refined as work on the Plan progresses. The largest component of this new spending is funding required for the next Rail Network Investment Plan s 9(2)(f)(iv).

Plan for managing within baselines (Table 4.1)

Area	Impact					Description
	24/25	25/26	26/27	27/28	28/29	
CAA Fees and Funding Review		s 9(2)(f)(iv)				CAA are currently progressing a pricing review to address operating cost pressures through increases to the fees, levies, and charges paid by the sector. It is anticipated that any increases to fees, levies, and charges will be implemented by 1 July 2025.
Section 9(1) triennial review	(1.723)	(2.037)	(2.450)	(2.884)	(3.328)	The Ministry of Transport is currently undertaking the triennial review of Section 9(1) funding. As part of this the Ministry will be looking into Maritime NZ's cost pressures for Search and Rescue Activities, Recreational Craft Safety, and DoC access charges. If approved, pressures on these activities will be managed through a fiscally neutral transfer from the NLTF.
NZTA Fees and Funding review				s 9(2)(f)(iv)		NZTA will be able to manage the longer-term cost pressures for their road regulatory function through their next fees and funding review, which is due to come into effect from 2027. Work on managing the short-term pressures is ongoing.
Further work	TBC	TBC	TBC	TBC	TBC	In total, Vote Transport is forecasting pressures of s 9(2)(f)(iv) over the forecast period. We have presented cost management options to but note that there are inherent risks associated with these choices. A further s 9(2)(f)(iv) presented as unmanaged due to uncertainty in costs and / or the magnitude of risk associated with managing these pressures within baselines. The Ministry of Transport will continue to identify opportunities to manage pressures, including options to defer or rescope activities, raise additional third-party revenue, or identify additional reprioritisation opportunities.

FUTURE DRIVERS

Population growth will increase demand for transport infrastructure and services.
Infrastructure build and maintenance costs will increase due to NZ having a larger road network to maintain and scarce capacity in the sector undertake this work.
Inefficient price signals across the transport sector. Prices do not reflect actual user costs across a range of transport modes. In addition, our institutional arrangements create inefficient monopolies.
Weather events (climate change) will increase the costs of repairs, relocation, and preventative measures due to more frequent and severe weather events as well as changes such as sea levels rising.



Choices to mitigate/manage long term pressures

Policy that causes demand or demand driver	Options to manage this?	Lead time required to make changes?
Population growth	Key levers: use prices to ensure more efficient use of existing infrastructure, build new infrastructure where benefits exceed costs, and ensure our planning frameworks allocate the cost of building new infrastructure long term.	<ul style="list-style-type: none"> 1 to 5 years (policy changes) 10 to 20 years (land-use planning changes)
Infrastructure build costs	An infrastructure pipeline to build and maintain workforce; time procurement to match market capacity/capability.	<ul style="list-style-type: none"> 1 to 5 years (procurement) 5 to 10 years (sector capability and capacity)
Inefficient price signals across the transport sector	A greater role for price to manage land transport demand, such as time of use charging. s 9(2)(f)(iv)	<ul style="list-style-type: none"> 1 to 3 years (to complete review)
Weather events (climate change)	Increasing network maintenance and building resilience to reduce vulnerability.	<ul style="list-style-type: none"> 1 to 5 years (review)

5. Managing within baselines: Workforce and capability

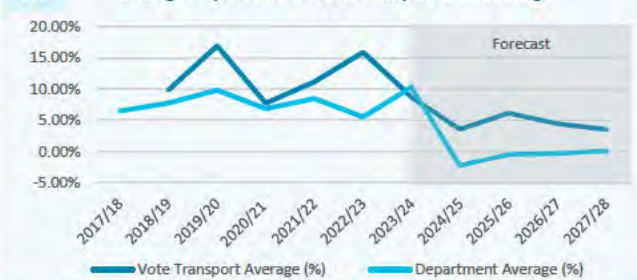
SUMMARY OF VOTE TRANSPORT WORKFORCE

5.1



Please note the increased proportion of personnel costs in forecast years is due to a forecast decrease in other operating expenditure.

5.2



5.3



Please note figure 5.3 does not include data for CAA.

Contractor and consultant spend

Departments and agencies should aim to have specialist and expert advice provided in-house, however this is not always sensible or cost effective. Vote Transport requires contractors and consultants to:

- Provide specific skills or knowledge that are not available within existing personnel.
- Provide additional capacity to respond to short-term unanticipated increases in work programmes, or to backfill critical vacancies.
- Provide independent expert opinions and assurance.

In these instances, departments and agencies should utilise these resources in a way that achieves value for money.

Impact of workforce – Ministry of Transport

	Economic Growth and Productivity	Transitioning the Revenue System	Improving Road Safety	Modernising the Aviation System	Sector Safety and Security
Total Ministry of Transport FTE supporting each key impact area.	53 FTE	20 FTE	15.5 FTE	16 FTE	16 FTE
Breakdown of Ministry of Transport FTE	1. 20 FTE 2. 0 FTE 3. 10 FTE	1. 15 FTE 2. 1 FTE 3. 3 FTE	1. 13 FTE 2. 0 FTE 3. 2 FTE	1. 13 FTE 2. 0.5 FTE 3. 2 FTE	1. 13 FTE 2. 0 FTE 3. 2 FTE
Key:	1. Policy 2. Project management 3. Technical specialist (e.g. economics, data, modelling) 4. Comms 5. Legal 6. Monitoring and Assurance	(inclusive of Investment, Rail, Freight and Supply Chain, Monitoring and Assurance resources)			

Explanation of workforce breakdown (if required)

The majority of Ministry staff are policy, regulatory and monitoring resource. We operate an operating model that is agile to respond to both priorities of the day and progress our strategic priorities. This information is indicative, as staff work across projects and priorities.

Please note, this only includes staff directly assigned to these work areas. A range of other staff contribute to these work programmes.

Workforce changes required to ensure delivery in the key areas of impact

Change required (including targeted workforce segment)	Current state (% of the target workforce)	Ideal state within the time horizon	Plan to achieve the change	Risks, challenges, and barriers
1. Ministry of Transport - Develop monitoring and assurance <u>capability</u> (we are comfortable with overall capacity as % of workforce)	10%	10%	Currently preparing a functional review of this area of the Ministry. This will re-establish core approach to monitoring and assurance and capability needs.	No significant internal impediments, but will take time to embed. Subject to availability of suitable personnel to fill vacancies.
2. Ministry of Transport - The Ministry reset its operating model at the end of 2023. We will continue to reassess our workforce to ensure it aligns with our strategic priorities and take opportunities as they arise	NA	NA		
3. Ministry of Transport - Vote restructure to provide greater scope to utilise resources, with lower transaction costs	NA	NA	The Ministry is working with Treasury to progress changes to its Vote arrangements. If agreed, this is intended to provide greater scope to utilise existing resources, with significantly lower transaction costs than currently.	Subject to Ministerial agreement.

Strategy for workforce costs, including remuneration

The Vote will manage workforce costs in accordance with the 2024 Government Workforce Policy Statement guidance issued on 7 August 2024. There is a significant work programme across Vote Transport, particularly given the projects outlined in GPS 2024. We will therefore ensure employment outcomes and remuneration settings are balanced to support the delivery of a high performing sector while also paying attention to the current fiscal context. This will mean the Ministry and transport entities can build and retain skilled workforces that can deliver the Government's goals at pace.

Capability – non-workforce (e.g. organisational systems, processes, governance, technology and data)

Across Vote Transport, agencies are considering if they have the appropriate tools in place to deliver on Government priorities. This includes the consideration of digitisation and automation, while achieving value for money. [s 9\(2\)\(f\)\(iv\)](#)

6. Managing with baselines: Investment and monitoring

INVESTMENT (\$200M+)

Investments in the planning stage (departmental and non-departmental)

The table below outlines departmental or non-departmental investments over \$200m in the planning stage.

Project	Total Cost (\$m)	Forecast business case approval	Forecast delivery start	Forecast completion	CBA
SH1 Waitemata Harbour Connections	s 9(2)(f)(iv)				
Northwest Rapid Transit Corridor					
RNIP					

6.1 CAPEX actuals and outyears (departmental and non-departmental) (\$m)



Assurance on delivery of investments

GPS 2024 has placed an expectation on NZTA to develop a Performance and Efficiency Plan. This includes regular reporting on the performance of NZTA and all road delivery agencies in meeting expected targets, and reporting on expenditure.

NZTA has a practice of regular portfolio, programme and project level reviews. Recent reviews have led to a number of improvement areas embedded or underway including, but not limited to strengthened assurance gates and implementation of a P3M model.

Post project implementation review is an essential part of KiwiRail's continuous improvement process. A broad range of internal and external stakeholders informed the reviews, and key learning themes are communicated to relevant stakeholders.

Implementation of \$200m+ projects in the last five years:

Total no. of projects	No. assessed	Met or exceeded expected benefits	On time	On Budget	To scope
8	0	NA	NA	NA	NA

6.2 Investment intentions by type (\$m)



MONITORING STATEMENT

The Ministry monitors four Crown entities (NZTA Waka Kotahi, Civil Aviation Authority, Maritime NZ and the Transport Accident Investigation Commission) and one Schedule 4A Crown entity company (City Rail Link Ltd). The Ministry assists the Treasury to monitor one State-owned Enterprise (KiwiRail), and has residual monitoring responsibilities for Auckland Light Rail Ltd.

The Ministry takes a proportional approach to monitoring Crown entities, guided by the Public Service Commission's [Foundations of Good Practice: Guidelines for Crown Entity Monitoring](#) and other good practice material produced by PSC, OAG and Treasury.

The Ministry agrees an annual monitoring plan with the responsible Minister to ensure that we are focussed on the most important performance issues from the Government's perspective. We also work with the Minister to agree an annual letter of expectations to each Crown entity board, which provides clarity on ministerial priorities and acts as a key input to statutory planning documents such as the Statement of Performance Expectations (SPE). The Ministry engages regularly with Crown entities on performance-related issues and assists the Minister to provide feedback on draft statutory planning documents, such as the SPE.

In general, Crown entities provide quarterly reports to the Ministry (as monitoring department) and the responsible Minister, and the Ministry provides quarterly performance advice to the Minister based on these reports. In addition, NZTA has recently started providing monthly reporting on progress against the 2024 Government Policy Statement on land transport (GPS). The Ministry provides second-opinion advice to the Minister, based on these monthly reports.

Key performance risks

- Funding and financing of land transport commitments. Several large roading projects signalled by the Government, including Roads of National Significance (RoNS), are currently going through investment cases and are partially funded via the GPS 2024 and National Land Transport Fund (NLTF). To ensure there is adequate funding to deliver these projects, the RoNS are being delivered in phases and a Government work programme is underway to provide more sustainable funding and access to private sector financing.
- A number of rail-related public transport and rail freight investments signalled in KiwiRail's Rail Network Investment Programme (RNIP) 2024-27, are also expected to outstrip the existing funding available. The Ministry has work underway – including the Economic Assessment of the Rail Freight Network and the Metropolitan Rail Operating Model Review – to inform the Minister's consideration of the RNIP in November and Budget 2025, including funding levels.
- Infrastructure delivery. Based on historical performance and given current market and regulatory constraints, there is a significant risk that the Government's land transport investment programme does not achieve ministerial expectations (as outlined in 2024 GPS and elsewhere), including timely and cost-effective delivery. This risk is primarily mitigated by respective Crown entity boards, but also by the government's investment management system and the Ministry's monitoring programme.
- Asset maintenance and resilience. Adverse weather events continue to increase in frequency and severity resulting in damage to land transport infrastructure, resulting in unanticipated costs for repair and remediation. This financial risk is partly managed by the NZTA and KiwiRail boards and local councils, but the response costs associated with cyclones and other large adverse weather events usually requires government financial assistance.
- Transport sector regulation. The financial sustainability and cost effectiveness of transport sector regulators (i.e. NZTA, CAA and MNZ) is a key risk. For example, despite having recently completed a major funding review (excluding the rail regulatory function), and achieving a significant increase in third-party funding, NZTA's regulatory memorandum accounts are in significant deficit, and this deficit is growing. This risk is being primarily mitigated by respective Crown entity boards, via current and pending funding reviews, and various operational decisions.

7a. Additional information

Additional information on individual agencies in Vote Transport:

Slide 10 – 7b. Ministry of Transport

Slide 11 – 7c. New Zealand Transport Agency

Slide 12 – 7d. Civil Aviation Authority

Slide 13 – 7e. Maritime New Zealand

Slide 14 – 7f. Transport Accident and Investigation Commission

Additional information required by Treasury:

Slide 15 – 7g. Overflow of Activities funded by third parties

Slide 16 – 7h. Overflow of Specific Fiscal Risks

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7b. Additional Information: Ministry of Transport

Overview of the Ministry 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 entity governance, performance and accountability.

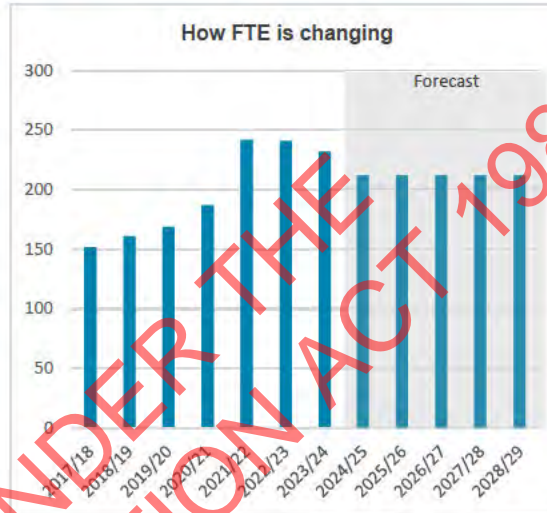
The Ministry has a crucial role in providing advice to the Government and overseeing the Crown entities, but only makes up about 0.5% of Vote Transport. The Ministry largely relies on Crown entities to implement policy changes and deliver major projects.

The Ministry's FTE and expenditure vary in line with the Government's priorities. Historically, FTE has increased when the Ministry has been required to undertake additional or one-off pieces of work, such as CRL, standing up the Auckland Light Rail team, and overseeing the delivery of the Roads of Regional Significance (formerly the New Zealand Upgrade Programme) and other major infrastructure programmes. In November 2023, there was an organisational review that saw a net reduction of 24 roles within the Ministry, with a further 8 Auckland Light Rail roles disestablished in the following month.

The Ministry is currently working to rebalance its workforce to ensure it has the appropriate skills and expertise to deliver on Governmental and Ministerial priorities.

Key Impact Areas & Desired State

Key Impact Area	Desired State
Economic growth and productivity	<p>Efficient investment in our land transport system connects people and freight quickly and safely, supporting economic growth and creating social and economic opportunities including access to land for housing growth.</p> <p>An improved system would have:</p> <ul style="list-style-type: none"> reduced journey times increased travel time reliability less congestion cost-effective public transport more efficient supply chains for freight unlocked access to greenfield land for housing development more kilometers of the road network resealed and rehabilitated each year better use of existing capacity.
Transitioning the revenue system	A more efficient use of the transport network and more sustainable funding of its maintenance and improvements through accurate and transparent price signals and revenue collection.
Improving road safety	<p>A greater focus on delivering safety interventions in a cost-effective way that is also supported by road users and local communities.</p> <p>New Zealanders being able to travel around the road network safely (as measured by a sustained reduction in the rate of road fatalities and serious injuries over time).</p>
Modernising the aviation system	New Zealand's aviation sector continues to grow, innovate, and contribute to a stronger, more connected and more resilient country. New Zealand has a world-class regulatory environment that provides greater certainty and timeliness for sector participants. Approval processes are swift and efficient, businesses can thrive, and the industry feels supported, not stifled, by regulation. International connectivity is enhanced by the expansion of flights on a diverse range of routes through international air service agreements and airline alliances. Consumers and other sector participants receive better value-for-money while confidence is maintained in the system's safety and security.
Sector safety and security	<p>Efficient, appropriately resourced safety and security functions, across the aviation, maritime and land-transport sectors.</p> <p>Core frontline search and rescue and harm prevention capability and capacity is sufficient to effectively deliver response services to save lives.</p>



Drivers and implications of change(s) in FTE

The Ministry has been gradually reducing FTE, flattening to around 200 FTE for the forecast period.

This reflects a shift in workforce strategy to deliberately and progressively adjust the composition of our workforce.

In the short term, we will be running a graduate recruitment round in 2025, and this will contribute to a short-term increase in FTE.

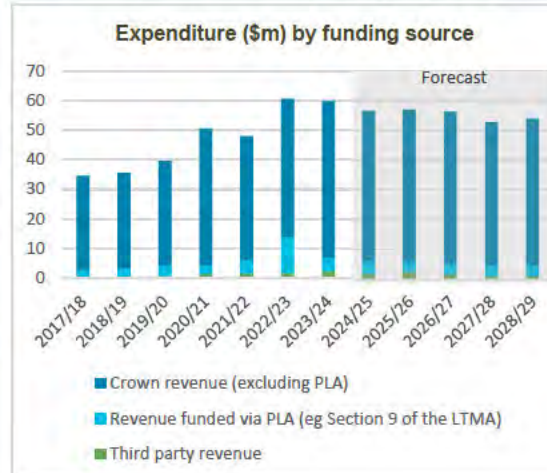
We are continuing to develop our workforce strategy, however over time, we expect to see a smaller, more experienced workforce, needed to deliver against the strategic priorities. This will include a particular focus on developing our capability in monitoring and assurance functions, as highlighted as a particular priority in the recent PIR of the Ministry.

Strategy for workforce costs, including remuneration

The Ministry's approach is inclusive of:

- Rebalancing the composition of our workforce, commencing with the reintroduction of a graduate adviser programme in 2025.
- Working with our Crown entities and transport stakeholders to access transport sector expertise as required, as highlighted by the PIR for the Ministry.
- Continuing to monitor our establishment and vacancies, to ensure only roles that have an identifiable business need are recruited for.
- Maintaining a budget to access external specialist resources, that are not cost effective to retain on staff on a permanent basis.

Underpinning this entire approach, the Ministry will be renegotiating our collective agreement in 2025, within baseline budget. We expect to have a strong focus on strengthening the link between performance and remuneration as a core element of our bargaining strategy.



Drivers and implications of change(s) in expenditure

The Ministry received funding for several initiatives through Budgets 2023 and 2024 which saw expenditure peak in 2022/23. This was mainly due to establishing Auckland Light Rail but also included time-limited funding for several other initiatives including mode-shift, decarbonisation of freight and port sector and COVID-19 funding for Milford and the Ministry.

In Budget 2024 the Ministry returned savings of 6.5% which will be achieved through the reduction in FTE (above) and in contractor and consultant spend. The Ministry has developed an output plan to prioritise its deliverables and ensure these align with Ministerial priorities.

7c. Additional Information: NZTA

Overview of NZTA

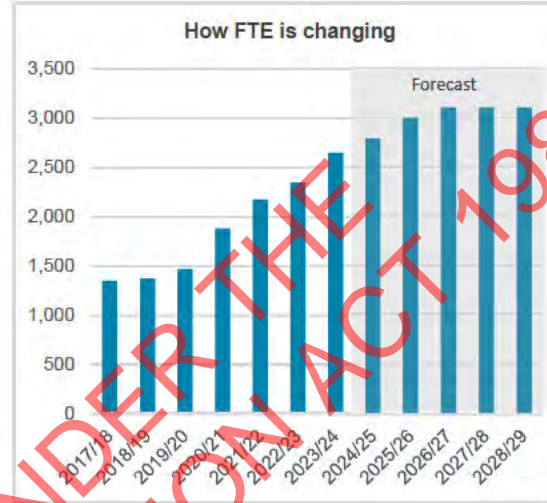
- Allocates funding for land transport infrastructure / services through the National Land Transport Programme.
- Manages access to the transport system through driver and vehicle licensing, vehicle inspections and rules development.
- Provides land transport safety and sustainability information and education.
- Manages the state highway network, including maintenance, improvements and operations activities.

Ministry of Transport comment

NZTA has made good progress in adapting to the Government's new transport priorities, but significant ongoing change is required to deliver the ambitious work programme outlined in GPS 2024 and the 2024-27 NLTP. NZTA will need to find the right balance between rapid delivery of key projects and improving its internal processes and systems to achieve better value-for-money outcomes. A key challenge for NZTA will be improving financial discipline across the entity and maintaining momentum on its efficiency and effectiveness programme. NZTA will need to manage ongoing cost pressures during a period of fiscal restraint. This will require a culture of continuous improvement. Another key challenge for NZTA will be ensuring that road controlling authorities meet the ministerial expectations in GPS 2024. The roading network is increasingly susceptible to damage from adverse weather events, so increasing the resilience of the roading network will take time and significant investment. NZTA will also need to improve asset management practices and the investment planning and management process.

Key Impact Areas & Desired State

Key Impact Area	Desired State
State Highway capital improvements delivery (incl. RoNS)	State Highway capital improvements, including the Roads of National Significance, are delivered to the agreed standard, time and budget to enable economic growth and enable people and freight to get where they want to go, quickly and safely. This is aided through: <ul style="list-style-type: none"> • a greater use of standardised design • delivering the primary transport objective of projects in the most cost-effective manner by balancing whole of life costs and infrastructure quality • financial sustainability.
State Highway Pothole Prevention and Operations	Maintenance activities are delivered to the agreed programme, which includes an increased programme to improve resilience and network condition, and potholes being addressed within 24 hours. To improve pothole prevention, there is greater investment in resealing, rehabilitation, and drainage maintenance on the state highway network, with a focus on achieving long-term maintenance outcomes of 2% rehabilitation and 9% resurfacing per year. Long term asset management and reduced costs are achieved by implementing the Integrated Delivery Model. Rollout of the Asset Management Data Standard supports this by improving the quality of information.
Regulatory	<ul style="list-style-type: none"> • A financially sustainable regulatory function, including road and rail regulatory activities funded at adequate levels, and priority projects with clear and appropriate funding sources. • Improved regulatory capability (people, systems, processes), regulatory framework (rules, standards, guidance), and regulatory service delivery models (online, automated, third party etc.) to support a well-functioning regulatory system and improved safety. • Developing and delivering intervention programmes to address significant risks and issues in the land transport system. • Priority Government projects delivered effectively and efficiently.
Digital enablement	NZTA's digital strategy has an immediate focus to build and strengthen the foundations New Zealand will need for its digital future while having a strong focus on achieving value for money. This includes: <ul style="list-style-type: none"> • Service modernisation creating digital platforms with easy-to-use tools for customers, partners and staff driving greater value for money and efficiencies. • Digitising transport services and solutions that keep New Zealanders and their data safe accelerating innovation in the transport system. • Simplified and modernised digital and technology capabilities that can provide near-real time information updates and data to support better analysis. • Data and digital tools to improve regulatory, transport, safety, and climate outcomes.



Drivers and implications of change(s) in FTE

FTE changes over 2017-2023 reflects:

- response to regulatory failure (2018)
- new Crown funded programmes including NZ Upgrade Programme/Major Crown Investment Projects, Climate Emergency Response Fund investments and Let's Get Wellington Moving (2019-2023).

Forecast increase in FTE reflects NZTA's current understanding of resourcing required to support and deliver on Government-directed expectations including the Government Policy Statement on Land Transport 2024.

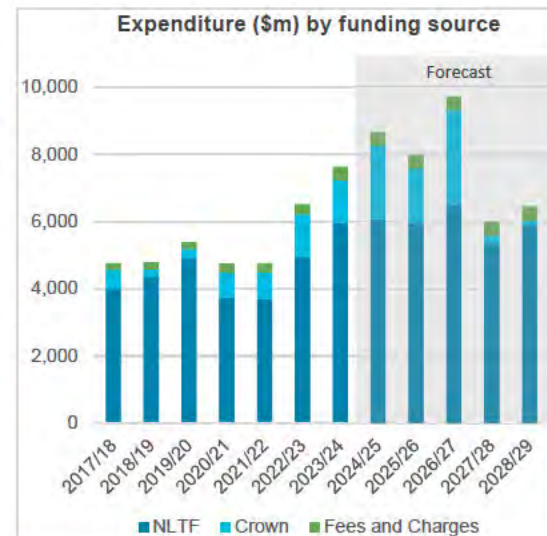
Please note that NZTA's FTE at 30 June 2024 was lower than 31 March 2024 FTE of 2,831.5.

Strategy for workforce costs, including remuneration

Noting the significant work programme required under GPS 2024, NZTA will manage workforce costs in line with the 2024 Government Workforce Policy Statement.

- NZTA will ensure that the workforce has sufficient capacity and capability to deliver:
- the State Highway capital improvement programme, including the Roads of National Significance
 - an improved level of service for regulatory in line with Government priorities.

The Minister of Transport expects NZTA to find further efficiencies in its workforce expenditure in 2025/26, similar to the 7.5% savings required in GPS 2024 and is receiving advice on how to set this expectation.



Drivers and implications of change(s) in expenditure

Changes in expenditure from 2017-2023 can be attributed to:

- response to regulatory failure (2018)
- new Crown funded programmes including NZ Upgrade Programme/Major Crown Investment Projects, Climate Emergency Response Fund and Let's Get Wellington Moving (2019-2023).
- Changes in NLTF expenditure levels reflect the relevant GPS for that time.

7d. Additional Information: Civil Aviation Authority

Overview of the Civil Aviation Authority

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 (AvSec)

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

Ministry of Transport comment

The Authority is undertaking a review of its fees and levies following several years of liquidity funding due to travel restrictions during the COVID-19 pandemic. The Authority needs to be financially self-sufficient from 1 July 2025. The Authority is expected to exercise fiscal restraint and keep increases to a minimum. A further first-principles funding review is also about to be undertaken, which will examine the funding model further to ensure it is fit-for-purpose. The first-principles review is expected to be completed in 2027.

The Authority is undergoing change to prepare for the new Civil Aviation Act 2023 (taking effect in April 2025), and to respond to the changing international environment and emerging technologies. Consultation has also been conducted around alternative delivery models for Aviation Security Services with advice being provided to the Minister by the end of November 2024.

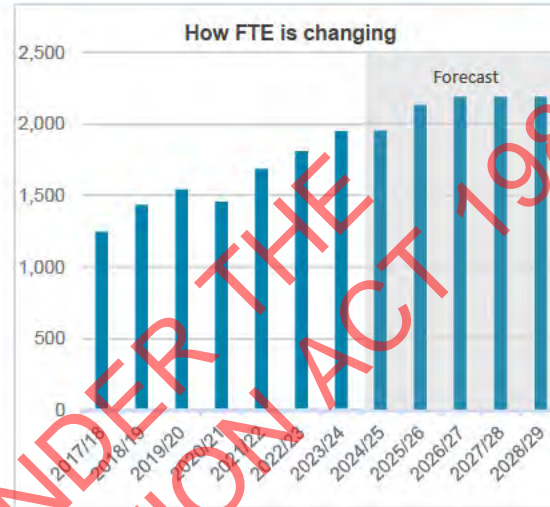
Observations noted by the Minister and Ministry around this time have been around the growth in FTE, and whether the Authority is operating effectively and efficiently. The recently refreshed Board is testing these matters, alongside the wider work programme.

AvSec comprises approximately 80% of the Authority's total workforce and represents most of the FTE growth. Passenger numbers are growing but remain below pre-COVID-19 levels. As a result, cost per passenger is higher than the pre-COVID-19 era. The Authority notes that much of the growth in FTE and costs is not driven solely by passenger demand but by other external demands.

The Ministry has retained \$5m from CAA's liquidity facility. CAA would have to demonstrate that there were no options for savings across the organisation, including non-frontline roles before accessing the funding.

Key Impact Areas & Desired State

Key Impact Area	Desired State
Increasing regulatory efficiency while maintaining safety and security outcomes	<ul style="list-style-type: none"> Certification times are reduced and meet the new SPE targets, while maintaining strong safety and security outcomes. Transition to a more intelligence-led, risk-based regulatory strategy that better targets resource to risk and enables efficiencies (such as certificate renewals focused on key risk areas rather than a full recertification), supported by operational policy and regulatory training. Maintaining modern, up to date rules and guidance (2,000+ pages of rules and 4,000+ pages of guidance) to increase their effectiveness (preserve safety), and reduce burdens and barriers, especially barriers to testing and utilising new aviation technology (improve efficiency). Being a key enabler of emerging aviation technology, supporting new areas of economic growth and innovation in the economy.
Increasing efficiency in aviation security services while maintaining safety and security outcomes	<ul style="list-style-type: none"> Reduce wait times nationwide to within the target level of 95% of passengers screened in under 10 minutes. Continue to efficiently meet evolving international and domestic security standards and enable industry growth.



Drivers and implications of change(s) in FTE

- Volume and demand (such as increased flights at inefficient times)
- Scope and service level changes (such as new international operations out of regional airports)
- Increased certification workload (complexity, volume)
- Establishment of new units and functions (e.g. Emerging Technology Unit, Behavioural Detection Unit)
- Enhanced security requirements and threat mitigations (such as non-passenger screening)
- Aging rules that compromise efficiency and need updating
- Increased international engagement, responsibilities and resolving International Civil Aviation Organisation audit findings
- Increased intelligence function and activities
- Core enabling functions including IT and legal

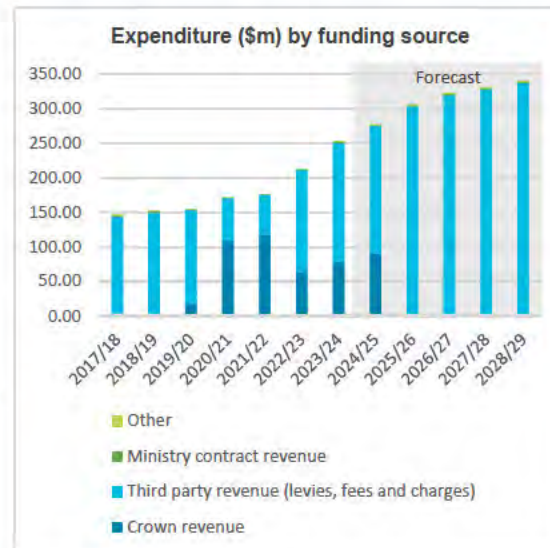
Strategy for workforce costs, including remuneration

Relevant items are captured (funded) in CAA's pricing review e.g.

- AvSec capital investment in technology (e.g. LIDAR, a system that enables accurate real time automated monitoring of queues).

Costs not covered due to uncertainties includes:

- Renegotiation of Airways contract (~\$1m risk).
- Operating costs associated with deployment of hold stow baggage (maintenance, running costs, depreciation).



Drivers and implications of change(s) in expenditure

- The majority of the Civil Aviation Authority's expenses are wages and associated costs (88.6% of total expenditure).
- This means that the drivers and implications behind the increase in expenditure are very closely aligned to the drivers and implications for changes in FTE.

Please note that expenditure forecasts in 2025/26 onwards have been matched with revenue. These do not reflect the various options currently with the Minister of Transport for consideration. CAA can update these forecasts to reflect final pricing review recommendations once they are known.

7e. Additional Information: Maritime NZ

Overview of 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.

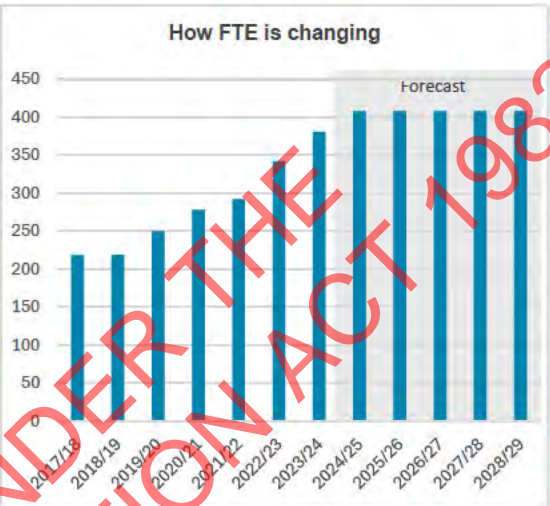
Ministry of Transport comment

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Key Impact Areas & Desired State

Key Impact Area	Desired State
Maintaining Maritime NZ core regulatory functions	Maritime NZ maintains progress made through Te Korowai to embed regulatory improvement, and harm prevention approaches through specific programmes (ports and harbours, domestic commercial and recreational craft, maritime incident readiness and response and the Pacific) to deliver outcomes and remove regulatory risks. This is despite the challenging levy fluctuations.
Maritime NZ Search and Rescue Co-ordination and recreational craft harm prevention activity	Maritime NZ maintains core frontline search and rescue coordination capability and capacity to meet increasing SAR demand, and effectively delivers response services to save lives. In addition, Maritime NZ has sufficient recreational craft harm prevention activity to target audiences and communities to prevent unnecessary loss of life.



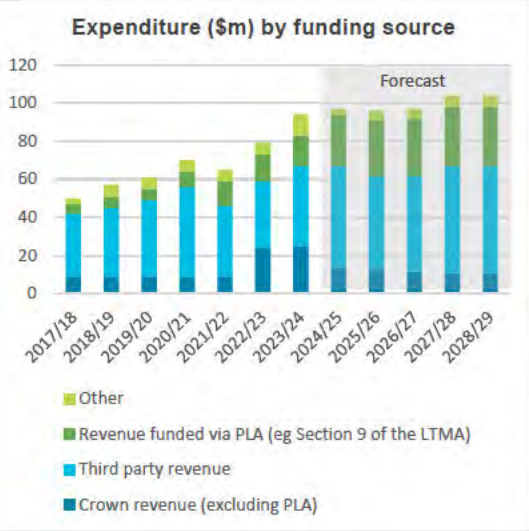
Drivers and implications of change(s) in FTE

- 2020 Funding Review commitments.
- 2021 Recreational craft harm prevention; COVID-19 activities.
- 2022 Implementation of government priorities: Seafarer Welfare.
- 2023 HSWA legal, investigation and support for Port Health and Safety Group; Implementation of government priorities: MARPOL Annex VI.
- 2024 Frontline maritime security; and HSWA designation extension to ports.
- 2025 Funding review commitments.
- 2025-29 Stable workforce.

Strategy for workforce costs, including remuneration

Maritime NZ's organisational strategy, Te Korowai o Kaitiakitanga, provides a clear understanding of the capabilities needed now and into the future that are critical to Maritime NZ's success.

Maritime NZ will maintain their focus on frontline activity as a percentage of workforce (approximately 77%) and keep contractors under 10-12%. Maritime NZ will build and retain a strong and connected pipeline of leaders and equip them with the capabilities required to lead the organisation in achieving their outcomes. Areas of focus include: leading inclusively, regulatory and operational policy, regulatory delivery and building high-performing teams. Maritime NZ's remuneration will be conservative given levy challenges.



Drivers and implications of change(s) in expenditure

- New and increased organisational functions including:
- Funding Review commitments (above)
 - HSWA activities and designation changes
 - Maritime Security
 - Distress Radio renewal
- Range of known uncontrollable pressures including:
- Inflationary cost pressures across all cost categories and levy intake variability
 - Demand/volume pressures through increased SAR and response activities
 - Inter-agency costs (DoC access charges)
- Leading to reduced delivery, particularly for proactive harm prevention activities.

7f. Additional Information: Transport Accident and Investigation Commission

Overview of the Transport Accident and Investigation Commission

Undertakes independent, no-blame safety investigations of significant air, maritime and rail accidents and incidents to determine their cause and circumstances, so that similar occurrences are avoided in future.

Ministry of Transport comment

TAIC is almost exclusively funded by the Crown. In 2023/24, its budget was increased to \$8.725m to enable TAIC to address cost pressures and further investigative capability to meet growing demand. The recruitment for new investigators will enable TAIC to undertake more inquiries per annum and will increase TAIC's FTE count.

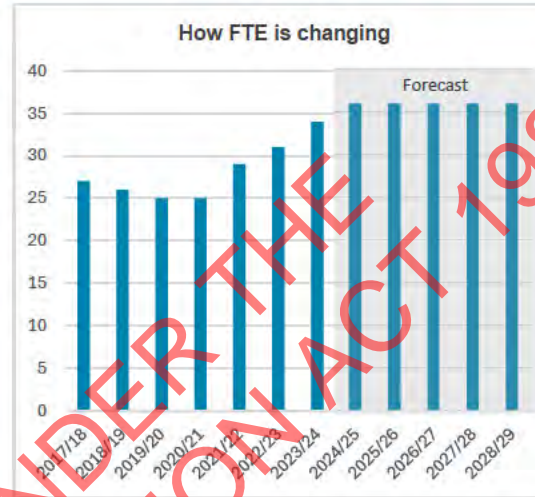
TAIC continues to invest in its organisational capabilities to ensure investigations are undertaken to a high standard, consistent with international best practice. TAIC is about to complete delivery of its Knowledge Transfer System (KTS) Programme incorporating new systems and processes. This has been a core strategic objective over the last three years.

TAIC must also issue credible findings to influence transport sector stakeholders in implementing their recommendations. Ministry of Transport officials expect this to be an ongoing focus for TAIC.

TAIC remains vulnerable to cost pressures as their investigative staff are highly specialised and require approximately two years of training to become fully effective (including overseas training at specialist universities). Losing staff can have implications on TAIC's performance over several reporting periods.

Key Impact Areas & Desired State

Key Impact Area	Desired State
Safety-focused, independent, no-blame accident investigation	TAIC will continue to contribute to Transport Safety and Economic prosperity through the completion of investigations, publication of inquiry reports and sharing key information with industry and regulators.



Drivers and implications of change(s) in FTE

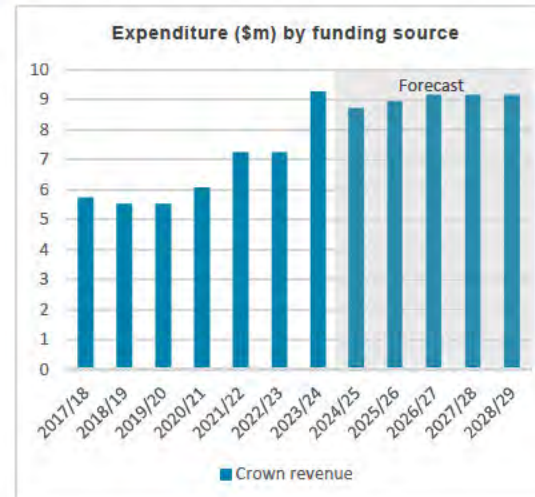
Changes in FTE are driven by increases to investigation services and support roles. Support roles are almost all single roles at senior levels. As the organisation grows, it becomes more efficient for some support functions to be brought in house rather than outsourced (for example, human resources).

Despite recent FTE increases, the total workforce remains low considering TAIC has an average of 25 domestic inquiries in progress at any one time.

It is also worth noting that TAIC has been reducing the average closure time of inquiries, increasing the proportion of inquiries closed within 330 working days from 33% in 2020/21 to 58% in 2023/24.

Strategy for workforce costs, including remuneration

TAIC can manage within the capacity and capability that they currently have.



Drivers and implications of change(s) in expenditure

Increases to funding have been approved through Budget rounds.

7g. Further Information on Third Party Funded Activities

Activities funded by third-party revenue and when were they last reviewed

Activity name	% User funded	Date last reviewed	Date next reviewed	Material under or over recovery	Key performance measure and 2023/24 performance <small>Please note, only key performance measures with performance figures for 2023/24 have been provided here</small>		
Civil Aviation Authority	Output Class 1: Policy and regulatory strategy	36% (72% if pricing review implemented and liquidity facility ends)	Crown baseline funding last reviewed in Budget 2007, then reduced by 6% in FSP in Budget 2024	Pricing review currently underway	Over-recovery - arguably Crown should be 100% funding this public good under OAG and TSY principles	1.3: Ministerial Servicing – Engagement with Minister's Office on Ministerial requests meets the Minister's expectations.	Target 100% 23/24: 100%
	Output Class 2: Outreach	72% (rising to 100% if pricing review implemented and liquidity facility ends)	2017 CAA Funding Review	Pricing review currently underway	Under-recovery, supported by liquidity funding since 2020	2.1.1: Safety awareness through education courses, workshops or seminars to participate nationwide 2.2.1: Education courses, workshops or seminars are rated 3/5 or higher by participants	Target: 12 23/24: 16 Target: 85% 23/24: 90% est.
	Output Class 3: Certification and Licensing	54% (rising to 100% if pricing review implemented, liquidity facility ends and current ETU support ends FY25)	2017 CAA Funding Review	Pricing review currently underway	Under-recovery, supported by liquidity funding since 2020	All new measures with no previous years' performance	-
	Output Class 4: Surveillance and Investigation	66% (rising to 95% if pricing review implemented and liquidity facility ends and if HSWA funding drops to \$1.2m baseline)	2017 CAA Funding Review	Pricing review currently underway	Under-recovery, supported by liquidity funding since 2020	4.1.2: Investigations independently assessed are completed within 12 months and comply with regulatory model 4.2.1: Support delivered to Airspace Integration Trails programme meets terms of reference agreed with MBIE	Target: 100% compliance 23/24: 100% est. Target: 100% 23/24: Target
	Output Class 5: Security Service Delivery	71% (rising to 99% if pricing review implemented and liquidity facility ends)	2019 AvSec Funding Review	Pricing review currently underway (except for Airport ID card charges outside of scope)	Under-recovery, supported by liquidity funding since 2020	5.1.4: Number of complaints upheld against Aviation Security Service per 50,000 screened 5.2.1: Security monitoring of restricted areas against regulated standards	Target: <2 23/24: 0.81 est. Target: 100% 2023/24: 100%
Maritime New Zealand	Output Class 1: Regulation	41%	2022/23 Mid-point Funding Review (effective 1 July 2024)	2025/26 Full Funding Review (effective 1 July 2027)	None	The output class has six measures, all of which have 23/24 performance figures. These measures span operational maritime policy advice, international obligations and relations, and Parliamentary and government accountability	Estimated actuals met the performance standard in 6/6 of the measures.
	Output Class 2: Regulatory operations	53%	2022/23 Mid-point Funding Review (effective 1 July 2024), excluded Fees	2025/26 Full Funding Review (effective 1 July 2027)	None	The output class has nine measures, seven of which have 23/24 performance figures. These measures span maritime security, regulatory licensing, proactive compliance activity, notifications and enquires, and investigation and enforcement.	Estimated actuals met the performance standard in 6/7 of the measures.
	Output Class 3: Response	22%	2022/23 Mid-point Funding Review (effective 1 July 2024)	2025/26 Full Funding Review (effective 1 July 2027)	None	The output class has five measures, four of which have 23/24 performance figures. These measures span search and rescue coordination and maritime incident readiness and response.	Estimated actuals met the performance standard in 4/4 of the measures.
	Output Class 4: Maritime safety infrastructure	43%	2022/23 Mid-point Funding Review (effective 1 July 2024)	2025/26 Full Funding Review (effective 1 July 2027)	None	The output class has nine measures, all of which have 23/24 performance figures. These measures span distress beacon systems, aids to navigation, distress and safety communications, and prospective revenue and costs for the 24/25 financial year.	Estimated actuals met the performance standard in 9/9 of the measures.
	Output Class 5: Harm prevention	34%	2022/23 Mid-point Funding Review (effective 1 July 2024)	2025/26 Full Funding Review (effective 1 July 2027)	None	The output class has seven measures, three of which have 23/24 performance figures. These measures span harm education, guidance, engagement and learning.	Estimated actuals met the performance standard in 3/3 of the measures.
New Zealand Transport Agency	Border inspection	100%	Completed mid-2023. New fees and charges from 1 Oct 2023	2025/26	Over-recovery	VSC1: Proportion of non-compliance actions for vehicle inspecting organisations, certifiers and inspectors progressed in acceptable timeframes	Target: 95% 23/24: 99 est.
	Certification Reviews	100%	Completed mid-2023. New fees and charges from 1 Oct 2023	2025/26	-	VSC2: Number of compliance monitoring activities completed for inspecting organisations and vehicle inspectors.	Target: 3500 23/24: 4800
	Driver Licensing & Driver Testing	93%	Completed mid-2023. New fees and charges from 1 Oct 2023	2025/26	Under-recovery	DLT1: Proportion of non-compliance actions for driver licence course providers and testing officers that are progressed within acceptable timeframes	Target: 95% 23/24: 100% est.
	Motor Vehicle Licensing	100%	Completed mid-2023. New fees and charges from 1 Oct 2023	2025/26	-	RTS1: Proportion of non-compliance actions for rail participants progressed within acceptable timeframes	Target: 95% 23/24: 93% est.
	Rail Operator Licensing	100%	Completed mid-2023. New fees and charges from 1 Oct 2023	2025/26	-	RTS2: Number of compliance monitoring activities completed for rail licence holders RTS3: Proportion of ordinary safety assessments completed for rail licence holders within specified timeframes	Target: 50 23/24: 51 est. Target: 95% 23/24: 100% est.
New Zealand Transport Agency	RUC Collections	100%	2018/19	2024/25	-	REV2: Proportion of refunds processed within 20 working days	Target: 85% 23/24: 100% est.
	Transport Licensing	100%	Completed mid-2023. New fees and charges from 1 Oct 2023	2025/26	-	REV3: Number of road user charges compliance monitoring activities completed for all road users CTO1: Proportion of non-compliance actions for commercial operators that are progressed in acceptable timeframes	Target: 90 23/24: 250 est. Target: 95% 23/24: 100% est.
	Transport Licensing	100%	Completed mid-2023. New fees and charges from 1 Oct 2023	2025/26	-	CTO3: Proportion of transport service licences and permitting applications completed in specified timeframes.	Target: 95% 23/24: 96% est.

7h. Further Information on Specific Fiscal Risks

SPECIFIC FISCAL RISKS

Title	Short Description	Cost range and Probability
Transport Project Funding	<p>The Government has signalled transport investments additional to what has already been supported through GPS 2024. These investments are largely unfunded, and some of these may fall outside the scope of the NLTF, or are only expected to be partially funded by the NLTF. Crown funding may be required if the Government chooses to progress these. Priorities include:</p> <ul style="list-style-type: none"> • Waitematā Harbour Crossing: An indicative business case for a second Waitematā Harbour Crossing is currently being considered by the NZTA Board. • Northland Corridor: GPS 2024 includes delivery of the Northland Corridor in three stages between Warkworth and Whangārei. • North Island Weather Events Rebuild: A significant amount of transport infrastructure was damaged following the North Island weather events in 2023. • Roads of National Significance and Better Public Transport: GPS 2024 sets out a series of strategically important projects for New Zealand's transport system. 	s 9(2)(f)(iv)
Support for the National Land Transport Fund	<p>In GPS 2024, the Government set out the priorities for land transport investments over the next 10 years. Challenges to the NLTF in delivering these priorities include:</p> <ul style="list-style-type: none"> • Funding sustainability: The NLTF may require further Crown funding or FED and RUC increases to manage cost pressures. • Balance of capital and operating expenditure: Operating expenditure may increase above the required split that has been forecast by NZTA. • Debt repayments: Significant increases in revenue or Crown intervention may be required for NZTA to meet repayment obligations. • Roads of National Significance impairment risk: There is a risk of impairment if projects cannot be completed, given NZTA capitalises the development of these business cases. 	
Rail Network Investment Programme	<p>The RNIP is a 10-year programme of planned network maintenance, management, renewal and improvement works on the national rail network. The RNIP is funded to 2025/26 and partially funded beyond this point. Completing all works will require further funding (from the Crown and the National Land Transport Fund).</p>	
Auckland City Rail Link Ownership Issues	<p>The Government committed to fund 50% of the costs associated with the build of the City Rail Link project. Auckland Council has also committed to fund 50% of the project. Both the Crown and Auckland Council have treated the investment for the City Rail Link project as a net asset on the balance sheet. With the assets expected to be transferred to Auckland Transport and KiwiRail in late 2025, the assets developed from the project will be split and there is a risk the value of the assets received by the Crown may differ to what is assumed in the forecasts, which could have a positive or adverse impact on the operating balance.</p>	
Metropolitan Rail Networks	<p>A substantial programme of work to maintain, renew, and upgrade the Auckland and Wellington metropolitan rail networks to deliver reliable and more frequent services has been identified. Additional funding from Budget allowances and/or the National Land Transport Fund (NLTF), alongside Auckland Transport and Greater Wellington Regional Council contributions, may be required to complete these works.</p>	
Emergency Works and Adverse Weather Events	<p>The 2024-2027 National Land Transport Plan (NLTP) contains an allowance for emergency works based on a reasonable level of emergency events. For any large, unprecedented events, the NLTP will not be able to cover these. In these instances, additional Crown funding may be required to ensure all work is carried out. NZTA do not have insurance on network assets, only works under construction. There is an increasing risk that, in responding to the frequency of adverse weather events, the Government will incur additional costs across road and rail networks. The likelihood, timing and fiscal impact of such future events are highly uncertain, though there are significant impairment risks to the network.</p>	
NZTA Contingent Liabilities	<p>As at 30 June 2024, NZTA had claims of \$220 million relating to a variety of roading and other contract disputes including contractual claims arising from property acquisitions and disposals. The most material quantifiable contingent liability relates to Puhoi to Warkworth where NZTA has received a claim relating to current and estimated future elements. The claim is in binding arbitration which is expected to be completed in 2026. On 25 September 2023, NZTA received a claim for cost and delay from the Transmission Gully PPP builder, relating to COVID-19 and a number of other matters. The claim does not include a specific claimed amount, however NZTA expect this could be a material figure. NZTA's position remains that there are strong defences to the claims and NZTA have made counter claims against both the PPP builder and contractor.</p>	
Auckland City Rail Link	<p>The Auckland City Rail Link (CRL) project is a joint initiative between the Government and Auckland Council (the 'Sponsors') to deliver a 3.45km twin tunnel underground rail link in Auckland's city centre. The Government and Auckland Council have each committed to fund 50% of project costs. The total project spend to 30 June 2024 was \$4.434 billion compared to total approved funding of \$5.644 billion (this funding amount excludes future property sales proceeds that is expected to reduce the overall cost of the project to \$5.493 billion). There has been no change in the total cost of the project. The CRL project is in a complex phase of fit-out, system integration, testing and commissioning. There remains a risk that project costs may increase in the future, and that further funding from Sponsors could be required.</p>	
Ongoing liquidity support to the Civil Aviation Authority	<p>Consultation on the Civil Aviation Authority's (the Authority's) pricing review has concluded, with implementation of pricing changes expected by 1 July 2025. If the review is delayed further, the Authority will likely require further Crown funding to support the delivery of its core functions.</p>	
Joint Venture Airports	<p>The Joint Venture Deeds states that the Crown must pay 50% of the operating losses and 50% of essential capital expenditure associated with the five joint Venture airports (Westport, Whakatāne, Whangārei, Whanganui, and Taupō). Forecasts for the Joint Venture appropriation reveal that there is currently insufficient funding to cover the Crown's share.</p>	
Regulatory Memorandum Accounts Deficits	<p>Due to several contributing factors across the regulatory system, NZTA is experiencing significant pressure on its memorandum accounts. Assumptions made in recent funding reviews have proven to be incorrect resulting in material under-recovery of costs in multiple accounts. NZTA is currently assessing ways to reverse the deficits, however, there remains a risk that it will not be able to fully address the financial situation and will require Crown funding to repay losses associated with the memorandum accounts.</p>	
Fleetwide transition to Road User Charges	<p>The Government has announced the intention to shift all petrol vehicles to the road user charges (RUC) system as soon as 2027. This will provide improved long term revenue sustainability, but may have associated implementation costs, which are subject to further policy decisions and yet to be confirmed.</p>	