



MINISTRY OF TRANSPORT
TE MANATŪ WAKA

F.5



Annual Report 2024/25 | Pūrongo ā tau 2024/25

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Section 01

Chief Executive's foreword and statement of responsibility

CHIEF EXECUTIVE'S INTRODUCTION

Chief Executive's introduction | Te whakataki ā Te Tumuwhakarae

Tēnā koutou katoa,
I am pleased to present
the Ministry of Transport's
2024/2025 Annual Report.

As the Government's transport system lead, the Ministry of Transport is the single policy agency that has a focus on understanding the performance of New Zealand's transport system as a whole. We assess and advise the Government on land, air, and sea modes of transport and how their individual and collective performance can increase and lift the operation of the transport system as a whole.

The Ministry is guided by our purpose, which is to enable a transport system that connects New Zealand. We focus on effective and efficient 'connections' that create value in terms of improved access to amenities, markets and countries. Transport connections also link people to job opportunities, education and business prospects; and bring together friends and whānau connecting us across cities, regions and nations.

As transport system lead, the Ministry has a strong focus on the changing context in which the transport system operates (including new technologies and AI). We recognise that New Zealand's transport system faces the same change and uncertainty as the wider economy, driven by advances in technology and AI, global disruptions and shifting trade patterns, domestic trends such as an aging population and the impacts of climate change. The Ministry considered these issues through the policy work we progressed this year, as well as through the Briefings to the Incoming Ministers of Transport and Long-Term Insights briefings that we have delivered or been preparing this year. These strategic documents set out our thinking on the challenges and opportunities facing the system.

Overall, the 2024/25 financial year was another productive year, with the Ministry delivering a large and diverse workload, and this Annual Report is a snapshot of our achievements.

In November 2024, we published our Strategic Intentions 2024–2028 and now report on our performance against three priorities. The first is to support economic growth and productivity, including transitioning the land transport revenue system and modernising the aviation system. The second is to improve road safety and the third is to strengthen our monitoring and assurance function. Our performance reporting is centred on these three priorities.

We play a key role in supporting economic growth through management of the Government Policy Statement on land transport 2024, which sets out the Government priorities for investment in transport infrastructure. This year we progressed work on changes to revenue tools to help fund new infrastructure. These changes included preparing reforms to determine which roads can be tolled, exploring the use of private concessions to fund new roads and readying the system for the shift to universal road user charges. We prepared legislation that was introduced for time of use charging on congested roads to improve the performance of the network.

Improving road safety continues to be a priority. In October 2024, we supported the Government to release New Zealand's Road Safety Objectives, which outlines a plan over the next three years for tackling our most challenging road safety issues. Amongst a range of actions, we supported the Government to pass new legislation to enable a roadside drug testing regime that will better detect and deter drug-impaired drivers.

CHIEF EXECUTIVE'S INTRODUCTION

In aviation, we developed reforms to enable a light touch regulatory regime that frees up innovators to test new technologies such as drones and uncrewed aircraft. We also completed the implementation of the new Civil Aviation Act that came into force in April 2025. The new Act strengthens safety standards while allowing for new technology and changing aviation needs. And to give New Zealanders information on how well aviation performs, we started publishing monthly on time performance reports for domestic jet, trans-Tasman and regional routes.

To ensure efficiency, value for money, and better outcomes for all New Zealanders, the Ministry has a programme of work to strengthen our monitoring and assurance role to drive the performance of the transport system. And to better track the overall performance of the transport system, we published the first of our quarterly Transport Network Performance Reports in April 2024, providing data about the movement of people and goods.

In September 2024, the Public Service Commission released its Performance Improvement Review of the Ministry, which considered our performance, challenges and the opportunities to lift our capability to meet those challenges.

The review highlighted the Ministry's strong record of delivering a large and varied policy work programme. It also outlined longer term challenges, particularly around cost and funding pressures across the transport system.

In response, the Ministry highlighted three focus areas. These are to maximise leadership opportunities within the transport system, respond to priorities while advancing longer term goals, and deliver a workforce strategy that ensures we have the right capabilities and capacity to fulfil our roles.

While there has been good progress, we recognise that at an outcome level, we still have lots to do. For example, road congestion remains high at peak times across Auckland. The work we have begun this year puts in place many of the foundations to deliver on our Strategic Intentions and improve transport outcomes.

Over the past year, the dedication of Ministry staff and the many stakeholders we work with – from other government agencies, to industry, to members of the public – has been impressive. The work we do every day makes a difference for all New Zealanders, and I'm proud of what we've achieved.

Ngā mihi



David Wood

Acting Chief Executive,
Ministry of Transport
30 September 2025

STATEMENT OF RESPONSIBILITY

Statement of responsibility | Te taunākī kawenga

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

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

In my opinion:

- the annual report fairly reflects the operations, progress, and the organisational health and capability of the Ministry
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2025 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2026 and its operations for the year ending on that date.



David Wood

Acting Chief Executive,
Ministry of Transport
30 September 2025

Section 02

Progress on our Strategic Intentions

We have sharpened our focus on lifting transport system performance so it delivers long-term benefits for New Zealanders.

We recognise the long-term nature of transport investments and the time frames involved to realise the benefits for New Zealanders.

In doing so, we are taking account of major changes happening in the areas of technology, climatic impacts and the wider global context.

The Ministry's three strategic priorities provide a clear and workable framework for aligning future work and reporting.

Our context

New Zealand's transport system – context.

International factors and trends play a key role in shaping the performance and direction of our transport system. There are significant challenges and opportunities that the transport system will need to respond to, such as changes in geopolitics, trading patterns and technology. AI may affect the demand and supply for travel and mobility in New Zealand. Our recently published Long-term Insights Briefing offers reflections on how some of these trends might play out.

In our Briefings to the Incoming Ministers of Transport we set out the context and challenges facing the transport system. In land transport, the roading network has a significant impact on economic growth, productivity, and the Crown's fiscal position. For example, the roading network is the dominant mode of freight transport within New Zealand, and it accounts for 93% of the total tonnes of freight moved.

The Ministry is supporting Ministers to progress reforms to key land transport policy settings, from strengthening our revenue tools to developing demand management tools and increasing the efficiency of land transport spending. These changes are important foundations we can build on, but there are further opportunities to improve

long-term performance of the land transport system. The land transport system is a fiscal risk to the Crown. Unlike other network infrastructure sectors, transport is yet to fundamentally solve the challenge of efficient pricing. Supporting cost-reflective prices over time will help send clearer signals of demand and incentivise the building of infrastructure that reflects users' willingness to pay.

In the maritime and aviation sectors, international trends are also disrupting the status quo. The Ministry is leading work to support the advanced aviation sector to grow and operate safely, as well as looking at changes to our legislative settings for the maritime sector to realise the opportunities afforded by new technology and address emerging threats.

We are the system lead for transport.

Reflecting on this context, the Ministry has an important role in setting the direction for the transport system.

Our why

We are an impartial, expert, and trusted adviser to Government, seeking to create the conditions for the transport system to maximise economic and social benefits and minimise harm.

The Ministry has a unique position in the transport system in that we are the single policy agency that supports the Government to achieve its land, air and maritime transport priorities; and to drive performance improvement across the transport system.

Our what

We inform and advise the Government on current and long-term transport issues.

Our core role is to provide policy and investment advice to our Ministers and Cabinet, lead transport regulatory reforms, and monitor the performance of government transport agencies. To deliver on this we:

- lead policy reforms that improve transport system productivity, efficiency and effectiveness
- ensure fit-for-purpose regulatory settings across all modes of transport
- understand how the transport system is performing, the outcomes we are aiming for, and what actions are needed to improve.

Our how

We bring together participants in the system so we can listen, look ahead and influence the future.

The way we work reflects the breadth of the transport sector and helps us to shape the direction of transport in New Zealand. Through our work we:

- provide the sector with context – by sharing Government priorities and direction
- engage with integrity and transparency – by listening and understanding diverse views
- convene sector groups – to share views and find solutions
- look ahead – so transport policy is fit-for-purpose and enduring.

Our role as system lead for the transport system

Public service chief executives are responsible for upholding the public service principles in all aspects of their roles. One of these principles is stewardship. As transport steward we have a role as guardians of the public service for future generations, including:

- its long-term capability and its people
- its institutional knowledge and information
- its systems and processes
- its assets
- the legislation administered by agencies.

PROGRESS ON OUR STRATEGIC INTENTIONS

How our long-term outcomes are progressing

There have been improvements in some of our long-term outcomes.

The Ministry's annual work programmes contribute to both our long-term outcomes¹ and our shorter term strategic priorities (see page 12).

The table opposite shows a summary of performance over time for our long-term outcomes, with more detailed information in Appendix 1 on page 97.

Performance against the four outcomes that we measure has either shown some improvement or declined over the last ten years.

Compared to 2014:

- there were improvements across our measures for economic prosperity and inclusive access outcomes
- performance was mixed for our healthy and safe people outcome with fewer deaths but more serious injuries (positively, more people survived their serious injuries)
- performance declined for the environmental sustainability outcome, with an increase in gross emissions levels (although emissions levels are lower than the 2018 peak).

Transport is a large and complex system with many factors influencing performance that are market, rather than government, driven. Policy changes often take several years to translate to operational and behavioural changes. As a result, even when some changes have improved performance, other factors may offset this progress. The Ministry is continuing to strengthen its understanding of transport system performance.

The Ministry's long-term outcomes

Economic Prosperity

There was a 9% increase in total freight (import and export) movements from the 2014 to 2025 financial years.

Environmental Sustainability

Total domestic transport greenhouse gas emissions increased by 6% from 2014 to 2023. Road transport remains the major contributor to transport greenhouse gas emissions.

Healthy and Safe People

There was a 5.6% reduction in deaths and a 15.9% increase in serious injuries across all transport modes from 2014 to 2024. More people travelled by walking and cycling in the last several years – from 14.5% during 2018/19 – 2020/21 to 16.2% during 2021/22 – 2023/24.

Inclusive Access

Public transport boardings increased by 12% from the 2014 to 2024 financial years, with a strong recovery in the Auckland region from the COVID-19 pandemic.

Resilience and Security

We do not have a performance measure for this outcome as no data is available to appropriately measure transport system resilience and security. However, the frequency and scale of extreme weather events continue to impact the resilience of the transport system.

¹ Ministry of Transport Strategic Intentions 2024–2028
https://www.transport.govt.nz/assets/Uploads/MOT-5487-Strategic-Intentions-20242028_FA.pdf.

How the transport networks are performing

Performance across the transport networks is varied.

By digging down from outcomes (on the previous page) to specific parts of the network, we can establish a more detailed picture of performance.

We released the first Transport Network Performance Report in April 2025 and continue to publish it each quarter. The report provides information on how our air, road, rail, port and public transport networks are performing their core function of getting people and things from A to B.

The public can download the data or glance at the report to get a sense of how the networks are performing using measures of demand, supply, reliability, safety and user experience.

As we accumulate data and refine our approach to tracking system performance over time, we will be able to identify trends and develop deeper insights to inform decision-making.

A summary of transport network performance data, supplemented by longer term annual network performance measures, is shown opposite and more detailed information can be found on the Ministry's website here: <https://www.transport.govt.nz/statistics-and-insights/transport-network-performance>

Transport Network Performance

Road network performance

Travel on our roads continues to increase, but drivers face slightly less smooth roads than they did a decade ago. Safety (deaths and serious injuries) remains an issue. Around 70% of respondents say they were very satisfied with their experience on the road.

Rail network performance

Freight carried by rail has declined over the last decade. On time performance results stayed consistent over the last two years. We have little information about track condition.

Ports network performance

Compared to 2013, the volume of imports and exports by sea increased by 5 million tonnes in 2024. Most of this growth occurred pre-2019. There were no significant changes to port productivity and activity in the last two years.

Aviation network performance

Over the last decade, the volume of air passengers peaked at 14 million international and 20 million domestic passengers in 2019 and is yet to fully recover. On time performance issues have arisen since 2022 and are showing early signs of improvement, albeit over a short monitoring period.

Public transport network performance

The public transport network had over 150 million boardings in 2024 and continues to grow the fleet, though fare revenue is still recovering. Buses, which account for over half of all passenger kilometres, are punctual less than 80% of the time.

PROGRESS ON OUR STRATEGIC INTENTIONS

Our Strategic Intentions and the status of our priorities in 2024/25

We are at an early stage of advancing our three strategic priorities.

Our Strategic Intentions 2024–2028

The Ministry published its new Strategic Intentions² in November 2024 which focused on three key priorities that will have a major impact on the performance of the transport system³. The information below includes a high-level status update for each of our priorities and actions. Given we have had these intentions for only seven months, we are at an early stage of progressing work across them. Our focus is on setting the foundations for policy that will drive improvements in future years.

P1 Priority 1: Supporting economic growth and productivity

The Ministry's Strategic Intentions identify two major reform programmes that support the Government's goal for economic growth and productivity: 'Transitioning the revenue system' and 'Modernising the aviation system'.

The Ministry also advises the Government on the investment needed to ensure New Zealand can build and maintain a transport network that supports New Zealand's economic prosperity. The transport system is an enabler of economic activity, and we are focused on ensuring transport investment and regulatory settings deliver a network that unlocks increased levels of economic growth and productivity.

Programme 1: Transitioning the revenue system

We are on track to meet the objectives of Programme 1 by 2028, with its four actions being:

- Implementing a modernised road user charges system for all road users (on track to deliver to the amended government direction – with the transition date to be set by government at a later date⁴).
- Introducing new revenue tools, greater use of tolling, and road pricing levers by 2026 (on track).
- Exploring smarter use of a range of financing approaches and tools to fund new infrastructure by 2028 (on track).
- Streamlining compliance and enforcement to reduce revenue leakage by 2025 (completed).

² Ministry of Transport Strategic Intentions 2024–2028

https://www.transport.govt.nz/assets/Uploads/MOT-5487-Strategic-Intentions-20242028_FA.pdf

³ The Ministry's Strategic Intentions 2021–25 also applied for the July to October 2024 period. However, that was the first four months of the financial year and during that time we were in the process of finalising our new Strategic Intentions 2024–2028. A consequence of that timing was that we were largely focussed on delivering against our new Strategic Intentions throughout the 2024/25 year.

⁴ Next steps on replacing petrol tax with electronic road user charges

<https://www.beehive.govt.nz/release/next-steps-replacing-petrol-tax-electronic-road-user-charges>.

PROGRESS ON OUR STRATEGIC INTENTIONS**Action 1: RUC transition**

Moving the current fleet of 3.5 million petrol vehicles to paying road user charges rather than paying petrol tax at the pump will improve the efficiency and fairness of the land transport revenue system. It is a step towards cost-reflective road pricing and will mean that road users pay for the distance they travel on the road, rather than the amount of fuel they use. This year we worked with NZTA to identify the system changes and processes that will be needed to support a smooth transition. We began talking to the market about possible involvement and technological solutions that would make it easier for people to buy their road user charges. We are advising the Minister of Transport on the legislative changes needed to facilitate the transition to RUC.

Action 2: New revenue tools

The Ministry is making progress on meeting the Government's priorities for a greater use of tolling, exploring whether there is scope for new revenue tools, and enabling time of use charging.

This year we advised the Government on tolling reforms and began developing a Bill giving effect to those reforms. The Bill would allow tolls to be charged on an entire roading corridor, including existing roads where users benefit from the construction of a new road on the same corridor. It will also make sure toll price settings and adjustments are made regularly so users pay their fair share over the lifetime of the road. The continuation of this work in 2025/26 will see further progression of the Bill.

We also worked with several agencies to extend the suite of tools available to fund infrastructure. This work supported the decisions announced by the Government in February 2025, including developing legislation that enables the Infrastructure Funding and Financing Act to be used for NZTA projects.

We developed a Bill this year enabling local authorities to work with NZTA to implement time of use charging schemes in their region. Under the Bill, the Ministry will be responsible for monitoring the performance of such schemes. We will work with NZTA and other key stakeholders to ensure the new legislation is successfully implemented. Time of use charging is a new tool to help optimise how roads are used, although charging schemes will also raise revenue.

Action 3: Smarter use of financing approaches and tools

We are leading a market sounding process to engage with toll road operators and investors to understand the viability of toll road concessions and how they could be best packaged to optimise value to the Crown while still achieving public sector objectives. We are working alongside National Infrastructure Funding and Financing Limited (NIFFCo), the Treasury, and NZTA to deliver this work programme.

Action 4: Reducing revenue leakage

As part of our RUC transition work, we are advising Ministers on system improvements to make it easier for users to comply with RUC, and ensuring we have the right enforcement settings and tools to incentivise compliance.

PROGRESS ON OUR STRATEGIC INTENTIONS

Programme 2: Modernising the aviation system

We are also on track to meet Programme 2's objectives by 2028:

- Delivering the successful implementation of the Civil Aviation Act reforms by 2025 (completed) and supporting and monitoring ongoing improvements to the Civil Aviation Authority's performance through to 2028.
- Establishing a funding and fees regime that enables the Civil Aviation Authority to be financially self-sustaining by 2025 (completed) and ensures it operates efficiently and effectively by 2028.
- A review of the aviation security system to find operational improvements⁵ by 2025 (on track).
- The creation of a world-class regulatory environment that allows rapid iteration and testing of advanced aviation vehicles and technology while maintaining current levels of safety⁶ by December 2025 (on track).

Action 1: Successful implementation of Civil Aviation Act reforms and monitoring Civil Aviation Authority (CAA) performance

The Ministry and the CAA worked together to implement the Civil Aviation Act reforms, which modernise our civil aviation laws. We have completed all the guidance and operational policy for the new functions of the Act, and these are now available on our website. One of the key new functions is the creation of our new airport registration regime, which replaces the existing airport authority process, and is a prerequisite for receiving a Regulatory Airport Spatial Undertaking (RASU). A RASU is a document that shows how an airport will meet regulatory obligations to provide space for the Aviation Security Service and border agencies. Its purpose is to promote cooperation between government agencies and airports and ensure that the Government's requirements will be balanced with the commercial needs and interests of airports. We expect to receive all applications for registration or RASUs by the deadline of 1 October 2025.

We have also introduced an independent review function, which provides an impartial pathway for applicants to dispute or review certain decisions made by the Director of Civil Aviation. We have revised and created new licensing frameworks for operators of scheduled international air services. These distinguish between:

- services operated pursuant to air services arrangements with no restrictions on New Zealand and foreign airlines
- services operated by New Zealand airlines pursuant to restricted air services arrangements
- services operated by foreign airlines pursuant to restricted air services arrangements.

We also created new guidelines for the operation of non-scheduled international air services. The programme will include ongoing support to the performance improvements of the CAA.

Action 2: Reforming the funding regime for the CAA

We completed our work and advised the Government on the CAA's first pricing review since 2017, and the first for the Aviation Security Service since 2019. The pricing review was required to determine new rates for levies, fees and charges that came into effect on 1 July 2025, which has contributed to the CAA having a more financially sustainable foundation.

The funding review's objectives reflect the Minister of Transport's expectations for fiscal sustainability, demonstrating value for money services, and identifying savings to reduce costs for passengers and industry.

⁵ The description of this action was revised during the year and was originally in the Strategic Intentions 2024–28 as *Reviewing the aviation security and safety system to ensure that current standards are maintained while achieving better efficiency and value for money.*

⁶ The description of this action was revised during the year and was originally in the Strategic Intentions 2024–28 as *Supporting the Government's work programme to deliver a lower cost and more certain regulatory regime for advanced aviation.*

Action 3: Reviewing the aviation security and safety systems

We are working with the CAA to review the operational efficiency of the aviation security delivery model. The work is focused on improving how aviation security services are currently delivered and making operations more efficient.

We have scoped the work and set up a reference group, which includes industry, to test the project outputs which include:

- the package of performance metrics developed by the working group
- developing new innovative and implementable initiatives, that can be either rolled out nationally or be site specific, to enhance the delivery of aviation services.

Action 4: Delivering a lower cost and more certain regulatory regime for advanced aviation

The Ministry, the CAA and MBIE worked with aviation industry members to develop a suite of actions to support advanced aviation. The actions were approved by Cabinet in September 2024.

The Ministry and the CAA are on track to deliver the regulatory changes to support advanced aviation by the end of 2025. The changes will introduce a simpler, more flexible approach to regulating advanced aviation. Public consultation is underway on a new Rule that reduces the need for time-consuming amendments or re-certification for experimental or developmental aircraft. The new Rule, coupled with restricted airspace and ground-based support systems, will create a 'sandbox' allowing advanced aviation companies to safely test and improve new aviation technologies in real-world conditions. When ready to export, these innovative companies can transition into the current regulatory regime showing international customers their offerings are safe.

Changes that remove current certification requirements for some lower risk and less complex uncrewed aircraft operations are also out for public consultation. This work contributes to the Government action outlined in 'Going for Growth', encouraging the growth of the space and advanced aviation sector by removing unnecessary red tape and freeing up innovators to test and commercialise their technology and ideas.

P2 Priority 2: Improving road safety

We lead legislative and other policy changes aiming to reduce road deaths and serious injuries that have a significant and negative impact on road users, families, communities, the economy and our health sector.

Our work supports the Government's commitment to target the highest contributing factors to fatal road crashes to improve road safety.

We are on track to meet this priority's objectives by 2028, with its six actions being:

- Introducing a new set of objectives and intended actions for road safety that will focus on safer roads, safer drivers and safer vehicles (completed in 2024)
- Amending drug driving legislation to enable roadside oral fluid testing for drug driving (completed in 2025)
- Reviewing and modernising the fines and penalties regime for traffic offences. Work is underway in 2025 (on track)
- Working with NZ Police and NZTA to set ambitious targets for road policing (completed in 2024)
- Refreshing and improving the graduated driver licensing system. Work is underway in 2025 (on track)
- Progressing a new Land Transport Rule: Setting of Speed Limits to ensure economic impacts and community views are considered alongside safety when Road Controlling Authorities set speed limits (completed in 2025).

Action 1: Road safety objectives

We developed the Government's new Road Safety Objectives⁷ that were published in October 2024. Our focus has now shifted to quarterly reporting on road safety actions and outcomes to make sure performance and delivery remains on track.

7 New Zealand's road safety objectives https://www.transport.govt.nz/assets/24-EX-087-Road-Safety-Objectives-document_v2.4.pdf

PROGRESS ON OUR STRATEGIC INTENTIONS

Action 2: Drug driving legislation for oral fluid testing

We led the development of legislation enabling the use of roadside oral fluid testing in New Zealand and this was passed by Parliament in March 2025. This legislation enables better detection and deterrence of drug driving, in a similar manner to alcohol breath-testing. To support implementation in 2025, we have now moved on to the development of secondary legislation for the handling of oral fluid samples.

Action 3: Fines and penalties review

We developed options for progressing legislative change to land transport fines and penalties and will progress this work further next year. To be effective, penalties need to be set at levels that reflect the harm caused by the offences. Many financial penalties were set in 1999 and have not been reviewed since.

Action 4: Targets for road policing

We supported NZ Police and NZTA in introducing targets for road policing, which was largely progressed in 2023/24 and completed in 2024/25.

Action 5: Graduated driver licensing

We are leading a review of the graduated driver licensing system, and we received Cabinet agreement to consult on a package of proposals aimed at making it cheaper and easier to get a licence, while maintaining road safety. The proposals include removing the full test, introducing a clean driving record requirement to the restricted licence, and introducing a zero-alcohol limit for learner and restricted drivers. Consultation on the package ran from April to June 2025.

Action 6: Land Transport Rule: Setting of Speed Limits

We provided advice to the Government following consultation on the draft Land Transport Rule: Setting of Speed Limits 2024 (the Speed Rule), along with providing the Minister of Transport advice and the final Rule. The Speed Rule introduces a more balanced approach to speed limit setting for Road Controlling Authorities. Implementation of the speed limit reversals of specified roads under the Speed Rule was required to be completed by 1 July 2025. Variable speed limits outside schools are required to be implemented by mid 2026.

P3 Priority 3: Strengthening our monitoring and assurance function

The Ministry is focused on strengthening our monitoring and assurance function for the Government's \$8 billion annual investment in the transport system. That investment is made in four Crown Entities (primarily in NZTA) that have, through their regulatory, investment or service delivery activities, a significant impact on the operational efficiency and safety of our land transport, aviation and maritime sectors. Through our monitoring and assurance work, we support enhanced performance by the Crown Entities and provide assurance to the Government that key projects are being delivered in accordance with expectations.

We are on track to meet this priority's objectives by 2028, with its four actions being:

- Strengthening formal accountability processes to ensure that Crown Entities are performing against relevant quantitative measures that provide insight to the public and decision-makers on performance by 2026 (on track)
- Lifting our capacity to facilitate structured quarterly discussions on performance between the Minister and Crown Entity Board Chairs by 2026 (on track)
- Developing a better understanding of how the transport system is performing – including enhancing our tools and frameworks – to ensure the system is delivering value for money given the significant public investment in transport by 2027 (on track)
- Focusing on the efforts being made by Crown Entities to lift the quality of their business-cases and cost estimation for major projects by 2028 (on track).

PROGRESS ON OUR STRATEGIC INTENTIONS

Action 1: Strengthening formal accountability processes and Action 2: Lifting our capacity to facilitate structured quarterly discussions on performance

The Ministry has three deliverables for these initiatives that we are progressing through to 2026:

- **Deliverable 1 – Work on the new operating model for our monitoring and assurance function will start next year:** When completed in 2026 this work will ensure that our monitoring and assurance activity is joined up across the Ministry so that we maximise the impact we have on entity performance
- **Deliverable 2 – Work on the first phase of improving the delivery of the annual accountability cycle is underway:** This involves developing and implementing a new programme and will enable us to continually improve the annual accountability practices and tools we use, so that we maximise the impact we have on entity performance.
- **Deliverable 3 – Updated assurance framework:** As part of the first phase of the updated assurance framework for an entity's key projects and initiatives, we are ensuring that we focus our assurance effort where it will have the greatest impact on outcome delivery.

Action 3: Developing a better understanding of how the transport system is performing

Developing a better understanding of transport performance will enable its systematic use in policy advice and monitoring frameworks. The Ministry released the first Transport Network Performance Report in April 2025⁸. It provides quarterly information on how our air, road, rail, port and public transport networks are performing their core function of getting people and things from A to B. Updates to the report will be published quarterly and we will continue to investigate how this reporting can be improved and used.

We have also started aviation on time performance (OTP) reporting. Our first report for domestic jet routes was published in September 2024. It was extended to cover trans-Tasman routes in November 2024, and from May 2025 regional routes were added. OTP reporting is designed to give communities better information on how our aviation services are performing and meeting the needs of New Zealanders. There are also potential benefits to airlines, including enhanced brand reputation leading to repeat business and positive word-of-mouth referrals.

Action 4: Focusing on the efforts being made by Crown Entities to lift the quality of their business-cases

To strengthen assurance of NZTA's forecasting and identify areas where NZTA's processes could improve we will be contracting an independent third party to review NZTA's ten-year forecasts of National Land Transport Plan expenditure. This focus will require NZTA to have a greater understanding of the required maintenance on the network and the forecast costs associated with it.

⁸ Transport Network Performance Report April 2025:
<https://www.transport.govt.nz/assets/Uploads/Transport-Network-Performance-Report-April-2025-v2.pdf>

Section 03

Assessment of operations

We achieved all the Government's quarterly transport actions.

Our strong delivery focus lifted our overall performance this year and our strategic prioritisation ensured we used financial resources effectively to meet the Government's objectives.

Section 3A: Implementing the Government’s priorities

We enabled the achievement of all the Government’s quarterly transport actions.

The Government’s Quarterly Action Plans

8 of 8 Government Quarterly Actions completed

The Ministry completed or supported the Government to complete all eight transport deliverables under the Government’s Quarterly Action Plans in 2024/25 (see below).

We maintained a strong focus on the Government’s priorities for transport, as set out in the Government’s Quarterly Action Plans. The Action Plans are a tool to focus public sector agencies on the Government’s key priorities published on the Beehive website.

The Government’s Quarterly Actions for Transport⁹

July – September Quarter 2024/25:

- Sign the new speed limit rule to reverse the previous Government’s blanket speed limit reductions.
- Take Cabinet decisions on legislation to support time of use charging to reduce congestion.
- Introduce legislation to enable roadside testing for drug driving.

October – December Quarter 2024/25:

- Take Cabinet decisions on allowing greater use of road tolling to support the delivery of transport infrastructure.

January – March Quarter: 2024/25:

- Pass the first reading of the Land Transport Management (Time of Use Charging) Bill.
- Pass legislation to introduce roadside drug testing.

April – June Quarter 2024/25:

- Begin public consultation on changes to the Driver Licensing system.
- Take Cabinet decisions on the fleetwide transition to road user charges.

Significant Budget Decisions, Major Spending Decisions and Major Forecast Savings and Revenue Decisions from Budgets 2024 and 2025

Government departments are required to report on Significant Budget Decisions, Major Spending Decisions and Major Forecast Savings and Revenue Decisions in their annual reports.

The Ministry did not have any Significant Budget Decisions¹⁰, or any Major Spending Decisions or Major Forecast Savings and Revenue Decisions from Budget 2024/5 or 2025/26.

⁹ See the Government’s Quarterly Action Plans on the Beehive website (www.Beehive.govt.nz)
¹⁰ The Ministry defines a Significant Budget Decision as an increase in Ministry funding of more than \$1 million per annum for a specific purpose.

ASSESSMENT OF OPERATIONS

Reduction in baseline, and consultant and contractor expenditure

Ministry baseline reduction

The Ministry's baseline was reduced by \$3.630 million in 2024/25 by the Budget 2024 Initial Baseline Exercise. We achieved these savings by reducing spending on contractors and consultants, reducing headcount and ending or scaling back programmes where appropriate.

Non-departmental expenditure

For non-departmental expenditure, the following baseline savings were made:

Agency and Initiative	Savings Description	Savings made in 2024/25 (\$000s)
Ending or scaling programmes		
New Zealand Transport Agency – Community Connect Programme Administration Costs	Following the Government's decision to remove half price fares for under-25-year-olds and free fares for under-13-year-olds from the Community Connect Programme, Crown funding for administration costs was reduced to reflect the smaller programme.	1,683
New Zealand Transport Agency – Public Transport Workforce Sustainability and Skill Improvement Programme	Crown funding for the Public Transport Workforce Sustainability and Skill Improvement Programme, relating to work on penal rates and split shifts, was returned leading to the Programme being descoped.	11,400
Efficiency savings		
New Zealand Transport Agency – Clean Vehicle Standard Administration	Crown funding for administering the Clean Vehicle Standard was returned and NZTA was directed to find efficiencies and investigate a user-pays model.	11,842
New Zealand Transport Agency – Efficiency Savings	Crown funding for land transport regulatory services and within back-office functions supporting the Transport Resilience Fund was reduced through Budget 2024 and NZTA was directed to find efficiency savings.	393
Maritime New Zealand – Policy and Security Functions	Crown funding for Maritime New Zealand's Policy and Security functions was reduced, and Maritime New Zealand was directed to find efficiency savings.	525
Civil Aviation Authority – Policy Functions	Crown funding for the Civil Aviation Authority's policy functions and ministerial services was reduced, and the Authority was directed to find efficiency savings.	158
Total		26,001

Reduction in expenditure on contractors and consultants

Departments are required to reduce spending on consultants and contractors. The Ministry achieved a reduction of \$6.5 million in 2024/25, which represents 13% of total departmental workforce expenditure in 2024/25.

This compares with expenditure of \$23.6 million and \$11 million for 2022/23 and 2023/24 respectively, which represents 39% and 26% of total departmental workforce expenditure in these years respectively.

Section 3B: Assessment of operations

Our strong delivery focus enabled an overall lift in our performance this year.

Assessing our operations in 2024/25

The Ministry has four key measures that help us understand our performance:

- Ministerial satisfaction with our policy and governance advice services
- Quality of our policy and governance advice (overall score)
- Output Plan delivery
- Ministerial servicing (Ministerial correspondence and Official Information Act (OIA) responses)

Ministerial satisfaction with our policy and governance advice services

Our level of Ministerial satisfaction improved in 2024/25:

- Policy advice service: 4.1 out of 5 (was 4.0 out of 5 in 2023/24)
- Governance advice service: 4.9 out of 5 (was 4.0 out of 5 in 2023/24).

Quality of our policy and governance advice as assessed by NZIER

The quality of our policy and governance advice briefings improved to 3.54 out of 5 in 2024/25 (3.48 in 2023/24):

- Policy advice briefings:
 - 100% assessed as 3.0 or more out of 5 (100% in 2023/24)
 - 29% assessed as 4.0 or more out of 5 (29% in 2023/24)
- Governance advice briefings:
 - 100% assessed as 3.0 or more out of 5 (100% in 2023/24)
 - 17% assessed as 4.0 or more out of 5 (0% in 2023/24).

Output Plan delivery

Our level of delivery against the Output Plan improved in 2024/25 to 94% (80% in 2023/24).

Ministerial servicing

- Our Ministerial servicing improved in 2024/25:
 - 95% of Ministry OIA requests were responded to within statutory timeframes (94% in 2023/24)
 - 81% of draft responses were provided for Ministerial correspondence and Minister OIA requests within agreed timeframes (65% in 2023/24).

ASSESSMENT OF OPERATIONS

Our wider work in 2024/25

In addition to progressing our three strategic priorities (see pages 12 to 17) the Ministry's other work in 2024/25 included, amongst other things:

System lead activities

On pages 8 and 9 we set out our system lead role and our 2024/25 work in this area included:

- **Developing a better understanding of transport system performance** – we released the first [Transport Network Performance Report](#) in April 2025. More information is available on page 11.
- **Regulatory Reform Programme** – the Government Policy Statement on land transport 2024 included a commitment to review the vehicle regulatory system to better manage the safety performance of the vehicle fleet, reduce regulatory burden, and ensure our domestic rules are fit-for-purpose. To fulfil this commitment, we advised on a Rules Reform work programme aimed at:
 - Improving consumer choice in the vehicle market
 - Reducing regulatory compliance costs
 - Digitising and modernising government services
 - Increasing freight productivity
 - Improving the safety and quality of our vehicle fleet over time.
- **National Transport Modelling** – the National Transport Model allows us to test the impact of future infrastructure and our policy changes on the transport system. The model calculates passenger and freight demand across vehicles such as cars, public transport and trucks for a given set of people, networks and costs. We use it to investigate potential interventions in the transport system. As we further develop the model we will be able to provide national-level trip information, synthetic populations and transport insights that can help to inform New Zealand's regional council led local transport modelling.
- **Policy quality programme** – we established a Policy Quality Steering Committee to provide policy leadership and deliver a programme of policy improvement initiatives. We have focused on improvements identified in NZIER's annual review of a selection of our advice, including:
 - Delivered training for staff on policy fundamentals and a range of core policy skills, such as a policy fundamentals training course, and seminars on developing slide decks, visually presenting advice, and writing good briefings and Cabinet papers
 - Introduced more robust and consistent approaches to commissioning, peer review and quality assurance processes
 - Improved our approach to quality assurance of the Ministry's Regulatory Impact Analysis.

We developed the work programme following targeted consultation with sector stakeholders to understand their priorities for reform.

Improving our response to Official Information Act requests and written parliamentary questions

We support a strong and transparent public sector through our responses to requests for information under the Official Information Act (OIA), written and oral parliamentary questions asked in the House, and questions from the media and the public.

We have performance expectations for the timeliness of our responses to OIA requests. In 2024/25, we were not meeting our performance expectations and took a number of steps to improve our processes.

We are now seeing monthly results improve and we are much closer to our targets. This will continue to be an area of focus for the Ministry.

- We completed 388 OIA requests (compared to 345 requests in 2023/24). This was an increase of 12% compared to the previous year.
- We responded to 95% of Ministry OIAs within the statutory timeframe (compared to 94% in 2023/24).
- We provided 92% of draft responses to Ministers of Transport OIAs within agreed timeframes (81% in 2023/24). Our performance in recent months has been 100%.
- We provided responses to 532 written parliamentary questions (887 responses in 2023/24).

Section 3C: End-of-year performance information

For the year ended 30 June 2025

Our strategic prioritisation ensured that we made the best use of our financial resources to meet the Government's objectives.

Contents

Disclosures

The appropriations reported in this annual report are:

Departmental Output Expenses

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

Departmental Capital Expenditure

- Ministry of Transport – Capital Expenditure PLA

Multi-category Expenses and Capital Expenditure

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

Disclosures

Reporting Service Performance information

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

We have prepared our Service Performance information in accordance with the requirements of the Public Finance Act 1989, which complies with New Zealand generally accepted accounting practice. It has also been prepared in accordance with Tier 1 PBE financial reporting standards.

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

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

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

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

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

Scope of Service Performance reporting

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

- **Section 2:** Progress on our Strategic Intentions (including more detailed information in Appendix 1)
- **Section 3C:** End-of-year performance information.

PBE FRS 48 requires us to draw information from founding documents, governance documents and accountability documents. We have drawn this information from our Strategic Intentions 2024–28 (our key strategic document). The Ministry's Strategic Intentions 2024–28 set out our purpose, role, long-term outcomes and strategic priorities to 2028.

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

Selecting and aggregating Service Performance information

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

(a) Our long-term outcomes

Our annual report includes data on indicators for four of the five long-term outcomes to help us to quantify and measure the transport system's progress¹¹.

(b) Our strategic priorities

Our three strategic priorities are set out in our Strategic Intentions 2024–28. They are the areas where the Ministry wants to make the greatest difference for New Zealand. We have included reporting information against the work that we said we would do (in our Strategic Intentions) and the extent to which that has been progressed.

(c) Our funding appropriations

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

Further information on specific performance measures

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

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

Long-term outcome measures

Environmental Sustainability outcome – carbon emissions measure

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

New Zealand's Greenhouse Gas Inventory is the official annual report of all anthropogenic emissions and removals of greenhouse gases (GHGs) in New Zealand. It is compiled by the Ministry for the Environment and we extract the transport data from the Greenhouse Gas Inventory. There is a level of inherent uncertainty in reporting greenhouse gas emissions. The scientific knowledge and methodologies to determine emissions factors and the processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards. The full disclosure on the New Zealand greenhouse gas emissions, including inventory uncertainties, methodologies and assumptions used in the calculation, are included in the latest inventory report: New Zealand's Greenhouse Gas Inventory 1990–2023 | Ministry for the Environment. Emissions estimates across the entire time series are, at certain points in time, recalculated due to improvements introduced to the inventory.

¹¹ Appropriate data is not available to enable us to report quantitatively on our Resilience and Security long-term outcome

ASSESSMENT OF OPERATIONS

Healthy and Safe People – active transport modes measure

For the Ministry's Healthy and Safe People long-term outcome, we report using two measures:

- deaths and serious injuries by all transport modes
- percentage of trips undertaken by walking and cycling.

Our reporting on the percentage of trips undertaken by walking and cycling is based on data collected by the Ministry's Household Travel Survey. This is a survey that the Ministry has conducted for a number of years. It is a continuous survey, with data collected all year from a minimum of 1,670 households. The data we report covers trips made in the Auckland, Wellington and Christchurch major urban areas. The survey is designed to be representative at a regional level on a three-year basis. Due to changes that were made to the survey in 2018, for this 2024/25 annual report, we can only report data for the 2018–21, 2019–22, 2020–23 and 2021–24 data points. Further three-year data points will be able to be reported in future years.

Material movement for Ministry performance results

For the Ministry's performance measure reporting, a performance variance of:

- 10% or more from the target or prior year actual performance
- when we have not achieved the target in the current year

is deemed to be material and information on the performance variance will be provided in the annual report.

Changes to the Ministry's performance measures in 2024/25

Three changes to performance measures in the 'Search and Rescue Activity Coordination PLA' appropriation were made in 2024/25:

- **Measure deleted:** Survey results show that the New Zealand Search and Rescue Council is satisfied with the provision of effective support services and policy advice for the New Zealand search and rescue sector
- **Measure deleted:** Delivery of the National Search and Rescue Support Programme including the provision of governance, leadership, and strategic support for the Search and Rescue sector
- **Measure added:** Delivery of the New Zealand Search and Rescue Council's work programme, which supports the Council's Strategic Plan.

The first deleted measure was removed as it was not considered to be a useful measure as it focused on the New Zealand Search and Rescue Secretariat rather than the New Zealand Search and Rescue Council. The second deleted measure was replaced with the added measure to be more aligned with the new strategy and purpose of the New Zealand Search and Rescue Council.

Appropriation: Search and Rescue Activity Coordination PLA

This appropriation has one performance measure for 'Delivery of the New Zealand Search and Rescue Council's work programme', which supports the Council's Strategic Plan with a standard of '90% or higher'. The new Strategic Plan was only approved by the Council in March 2025 and so there were only four months in the 2024/25 financial year where the work programme could be advanced to support the new Strategic Plan. Projects within the programme have been assessed as being achieved for 2024/25 where progress has been made towards the project as expected to the end of the year.

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

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

Policy and governance advice

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

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

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

Ministerial satisfaction measures

The Ministry has three measures in this area:

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

The policy advice and governance advice surveys both ask Ministers to answer a series of questions using a five-point scale (19 questions for the policy advice survey and 12 questions for the governance advice survey). The scale is: 1 = Never, 2 = Some of the time, 3 = About half of the time, 4 = Most of the time and 5 = Always. For the 2024/25 policy and governance surveys, a new 'Do not know' option has been added. If the Ministers answer a question with 'Do not know' or do not answer a question, then it will be excluded from the calculation of the Ministerial satisfaction score. The surveys also allow Ministers to provide other comments about the advice services.

Satisfaction of the Transport Minister(s) with the policy advice service

The performance measure for Ministerial satisfaction with the policy advice service is mandated by Cabinet for all significant policy agencies. A standard survey, developed by the Department of the Prime Minister and Cabinet (DPMC), is used. Our approach is to survey a Minister who has held their transport ministerial portfolio for more than four months.

Calculating the performance result for the satisfaction of the Transport Minister(s) with the policy advice service

The methodology for calculating the performance result is established by DPMC. The survey form has four Parts. The reported result is the total of the average scores for each Part, divided by four (the number of Parts). Questions that ask for the Minister's comments are not included in the score. Where more than one Minister is surveyed, the Ministry averages the scores received from Ministers for each Part.

Satisfaction of the Transport Minister(s) with the governance advice service

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

Calculating the performance result for the satisfaction of the Transport Minister(s) with the governance advice service

The methodology for calculating the performance result is the same as that used for the satisfaction of the Transport Minister(s) with the policy advice service. The governance survey form has four Parts. The reported result is the total of the average scores for each Part, divided by four (the number of Parts). Questions that ask for the Minister's comments are not included in the score. Where more than one Minister is surveyed, the Ministry averages the scores received from Ministers for each Part.

ASSESSMENT OF OPERATIONS

Satisfaction of the Transport Minister(s) with board appointments' advice

The satisfaction of the Transport Minister(s) with board appointments' advice is based on the score provided by a single question within the wider Governance Satisfaction Survey. Where more than one Minister is surveyed, the Ministry averages the scores received from Ministers.

Quality of policy and governance advice measures

The Ministry has four measures in this area:

Policy advice papers

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

Governance advice papers

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

The Ministry contracts New Zealand Institute of Economic Research (NZIER) to independently review 40 papers using the Department of Prime Minister and Cabinet's Policy Quality Framework. Papers are assessed using a five-point scale: 1 = Unacceptable, 2 = Poor, 3 = Acceptable, 4 = Good and 5 = Outstanding. The Policy Quality Framework covers four dimensions: context, analysis, advice and action.

The papers to be reviewed are drawn from across the Ministry's advice papers. There are 34 policy advice papers and 6 governance advice papers. This enables a range of the Ministry's policy/governance teams to have some of their papers reviewed and to receive independent advice on the quality of their written advice.

The papers to be reviewed are selected by the Ministry's Ministerial and Executive Services team and are drawn from papers submitted to Ministers between July and April. This timing enables the papers to be reviewed and the results included in the Ministry's annual report. The selection process focuses on papers that provide advice and require Ministerial decisions.

The Ministry's reported results are the average scores as assessed by NZIER from its review of the sample of policy and governance papers provided by the Ministry.

Output Plan milestones measures

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

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

The initiatives that are included in the Output Plan and their milestone timeframes are agreed by the Minister and the Ministry's Chief Executive. To provide greater transparency on this measure, the Ministry will, following the completion of its annual audit, publish a table of the milestones that were completed during 2024/25.

Departmental output expenses

Search and Rescue Activity Coordination PLA

Expenses of \$2.8m

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

Under this appropriation, the Ministry is responsible for supporting the New Zealand Search and Rescue (NZSAR) Council by providing secretariat services and administering the Council’s funding.

The NZSAR Council delivers national-level strategic governance, oversight, and leadership for New Zealand’s search and rescue system, ensuring it meets both current and future needs.

It also manages and monitors a significant portion of the Government’s investment in search and rescue operations and frontline water safety services.

During the reporting period, the Council undertook a review and established a new purpose statement and strategic plan. In alignment with this refreshed direction, the Ministry restructured the secretariat to enhance its ability to support the Council’s updated mandate. The Council has established new governance groups to support its new approach.

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
5,072	Revenue Crown	3,346	4,346	3,346
4,358	Total expenses	2,750	4,346	3,346
714	Net surplus/(deficit)	596	-	-

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
New measure	Delivery of the New Zealand Search and Rescue Council’s work programme, which supports the Council’s Strategic Plan ¹	88% ²	90% or higher

Note 1: The previous measure was removed and replaced with one more aligned with the new strategy and purpose of the New Zealand Search and Rescue Council.

Note 2: The work programme contained 17 deliverables. Two of these were not met due to conflicting demands on staff and partner organisation time and technical delays.

ASSESSMENT OF OPERATIONS

Search and Rescue Training and Training Coordination

Expenses of \$1.4m

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

Training supports the NZSAR Council's outcome of having people ready to respond and supported to succeed and recover.

This year, just under 1,300 people attended 115 courses. Courses were delivered on a range of subjects including operational search techniques, search management, and leadership.

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
1,411	Other revenue	1,358	1,458	1,458
1,411	Total expenses	1,358	1,458	1,458
-	Net surplus/(deficit)	-	-	-

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
80%	Percentage of planned search and rescue training courses that are delivered	85%	80% or higher ¹

Note 1: The standard for the above measure was amended through the Supplementary Estimates 2024/25 from '80%' to '80% or higher' to make it clearer that 80% is a minimum and not a point target.

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

Expenses of \$46.7m

This appropriation is intended to enable leadership of the transport system, ministerial decision-making, and the provision of transport-related services that support the transport system to improve people’s wellbeing, and the liveability of places.

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

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

- Policy Advice, Governance and Ministerial Services
- Milford Sound/Piopiotahi Aerodrome
- Fuel Excise Duty Refund Administration.

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
62,447	Revenue Crown	51,708	55,498	51,708
1,007	Other revenue	779	445	840
63,454	Total revenue	52,487	55,943	52,548
53,998	Total expenses	46,665	55,943	52,548
9,456	Net surplus/(deficit)	5,822	-	-

ASSESSMENT OF OPERATIONS

Policy Advice, Governance and Ministerial Services

Expenses of \$43.7m

This appropriation funds the Ministry’s day-to-day policy and governance activities. This includes:

- Policy related activities:
 - Investment advice
 - Research, data gathering and evaluation
 - Revenue management
 - Vote management
- Governance related activities:
 - Crown entity monitoring and advice
 - Board appointments

- Ministerial servicing related activities:
 - Ministerial correspondence (615 items)
 - Minister Official Information Act requests (111 requests)
 - Ministry Official Information Act requests (277 requests)
 - Parliamentary questions (532 written questions).

How we used this funding

See pages 12 – 17 and 21 – 23 for information on some of the key work that we delivered with this appropriation.

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
57,857	Revenue Crown	47,497	48,158	47,590
549	Other revenue	163	-	-
58,406	Total revenue	47,660	48,158	47,590
49,286	Total expenses	43,687	48,158	47,590
9,120	Net surplus/(deficit)	3,973	-	-

ASSESSMENT OF OPERATIONS

Non-financial performance

2024 Actual		2025 Actual	2025 Standards/ Targets
Policy advice			
4.0	Satisfaction of the Transport Minister(s) with the policy advice service	4.1	Average score between 3 and 4 or higher
80% ¹	Milestones contained in the output plan are completed as agreed, or as subsequently amended by the agreement between the Minister and the Chief Executive	94% ^{2,3}	90% or higher
100% ⁴	Percentage of policy papers that score 3.0 or higher	100% ⁴	90% or higher
29% ^{4,5}	Percentage of policy papers that score 4.0 or higher	29% ^{4,5}	40% or higher
Governance			
4.0	Satisfaction of the Transport Minister(s) with the governance advice service	4.9 ⁶	Average score between 3 and 4 or higher
4.0	Satisfaction of the Transport Minister(s) with board appointments' advice	5.0 ⁷	Average score between 3 and 4 or higher
100% ⁸	Percentage of governance papers that score 3.0 or higher	100% ⁸	90% or higher
0% ^{8,9}	Percentage of governance papers that score 4.0 or higher	17% ^{5,8,10}	40% or higher
Ministerial Servicing			
94% ¹¹	Percentage of Official Information Act requests to the Ministry replied to within statutory timeframes	95% ¹²	100%
65% ¹¹	Ministerial correspondence replies and Ministerial Official Information Act replies completed within the timeframes agreed between the Ministry and the Office of the Minister	81% ¹³	90% or higher

Note 1: The Ministry published on its website, following the completion of its annual audit, its final output plan and advice on which of its deliverables were achieved.

Note 2: The Ministry will publish on its website, following the completion of its annual audit, advice on which of its deliverables were achieved.

Note 3: The performance improvement from 2023/24 was due, in part, to an increased emphasis being placed throughout the year with staff on the importance of delivering the output plan.

Note 4: A sample of the Ministry's policy advice papers were independently assessed by NZIER using the DPMC Policy Quality Framework, using a five point scale with 1 = Unacceptable, 2 = Poor, 3 = Acceptable, 4 = Good and 5 = Outstanding.

Note 5: The 40% standard is a stretch target for the Ministry. NZIER have identified particular aspects of our advice papers that we could look to improve.

Note 6: The performance improvement from 2023/24 was due, in part, to the Ministry's continuous improvement approach to its governance advice.

Note 7: The performance improvement from 2023/24 was due, in part, to the Ministry's continuous improvement approach to its board appointments advice.

Note 8: A sample of the Ministry's governance advice papers were independently assessed by NZIER using the DPMC Policy Quality Framework, using a five point scale with 1 = Unacceptable, 2 = Poor, 3 = Acceptable, 4 = Good and 5 = Outstanding.

Note 9: Six governance advice papers were assessed by NZIER. This is a small sample size. None of the assessed papers scored four or higher in 2023/24. The 40% standard is a stretch target for the Ministry. NZIER have identified particular aspects of our advice papers that we could look to improve, and the Ministry is developing a response to their recommendations.

Note 10: The performance improvement from 2023/24 reflected that one paper out of six was scored at 4.0 or higher in 2024/25. The 40% standard is a stretch target for the Ministry and NZIER have identified particular aspects of our advice papers that we could look to improve.

Note 11: Performance was lower than expected due to competing demands for staff time on other work. In many instances the agreed timeframe was missed by only one or two days.

Note 12: Performance was lower than expected due to competing demands for staff time on other work.

Note 13: Performance was lower than expected due to competing demands for staff time on other work. The performance improvement from 2023/24 was due, in part, to a partial centralisation of responsibility for ministerial correspondence and Official Information Act responses within the Ministry, aimed at improving our timeliness.

ASSESSMENT OF OPERATIONS

Milford Sound/Piopiotahi Aerodrome

Expenses of \$1.0m

In July 2024, new landing charges were set for the aerodrome. However, as operator prices are usually set a year to 18 months in advance, the charges only became effective on 1 April 2025 to enable operators to factor the increases into prices for the new season.

Significant progress has been made in the operation of the aerodrome since the new aerodrome managers came on board. The processes that have been put in place have improved the overall safety of the aerodrome.

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
843	Revenue Crown	525	3,593	450
356	Other revenue	514	325	720
1,199	Total revenue	1,039	3,918	1,170
863	Total expenses	978	3,918	1,170
336	Net surplus/(deficit)	61	-	-

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
100%	The Milford Sound/Piopiotahi aerodrome operation will conform with appropriate Civil Aviation Authority safety requirements	100%	100%
Not Achieved ¹	The operating costs for the Milford Sound/Piopiotahi aerodrome are within third-party revenue	Not Achieved ²	Achieved

Note 1: New landing charges took effect in April 2025. The new charges are expected to enable the aerodrome to return to a position where operating costs are within third-party revenue.

Note 2: We did not achieve the standard in 2024/25 as the new landing fees only took effect in April 2025. They are expected to enable the aerodrome to return to a position where operating costs are within third-party revenue in the 2025/26 financial year.

Fuel Excise Duty Refund Administration

Expenses of \$2.0m

The delivery of fuel excise duty refunds is a Ministry responsibility that is undertaken on our behalf by NZTA. In 2024/25 the NZTA processed more than 65,000 fuel excise duty refunds.

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
3,747	Revenue Crown	3,686	3,747	3,668
102	Other revenue	102	120	120
3,849	Total revenue	3,788	3,867	3,788
3,849	Total expenses	2,000	3,867	3,788
-	Net surplus/(deficit)	1,788	-	-

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
10 working days	Average number of days taken to process refunds of fuel excise duty	8 working days ¹	20 working days or less

Note 1: The performance improvement from 2023/24 was due, in part, to ongoing implementation of process improvements from 2022/23. The number of refunds processed reduced from more than 80,000 in 2023/24 to more than 65,000 in 2024/25.

ASSESSMENT OF OPERATIONS

Departmental capital expenditure

Ministry of Transport – Capital Expenditure PLA

Expenses of \$0.3m

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

It is intended to achieve the renewal of assets in support of the delivery of the Ministry's services. The Ministry incurred \$262,018 in capital expenditure in 2024/25 (\$105,000 in 2023/24).

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
105	Departmental capital expenditure	262	250	250

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
100%	Expenditure is in accordance with the Ministry's capital expenditure plan and asset management plan	100%	100%

Multi-category expenses and capital expenditure

Tuawhenua Provincial Growth Fund – Transport Projects

Expenses of \$12.2m

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

The Ministry works with delivery agencies, KiwiRail and NZTA, as part of its responsibility to ensure that the Ministry of Business, Innovation and Employment – Kānoa Regional Economic and Investment Development Unit (Kānoa – RDU) receives regular reporting to fulfil its oversight role of rail and State highway projects funded by the Provincial Growth Fund (PGF).

Financial performance

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
459	Non-departmental output expenses: Supporting Regional and Infrastructure Projects	121	200	191
(2,758)	Non-departmental other expenses: Enabling Infrastructure Projects	1,603	2,000	2,000
25,119	Non-departmental capital expenditure: Infrastructure Projects	9,860	8,000	9,394
3,484	Non-departmental capital expenditure: Rail Projects	662	10,630	662
26,304	Total	12,246	20,830	12,247

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
Achieved	Provincial Growth Fund is distributed by the Ministry in accordance with the terms and conditions of its memorandum of understanding	Achieved	Achieved
100%	Work is carried out per the agreed programme	100%	100%

ASSESSMENT OF OPERATIONS

Supporting Regional and Infrastructure Projects

This category is intended to achieve a lift in productivity potential in the regions through transport-related economic development initiatives.

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
New Measure	Work is carried out per the agreed programme	100%	100%
0 ¹	Average number of days to release Provincial Growth Fund funding to support regional and infrastructure projects once approved	0 ²	20 working days or less

Note 1: There were no claims for supporting regional and infrastructure projects in 2023/24.
Note 2: There were no claims for supporting regional and infrastructure projects in 2024/25.

Enabling Infrastructure Projects

This category is intended to achieve a lift in productivity potential in the regions through transport-related infrastructure projects.

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/Targets
9 working days	Average number of days to release Provincial Growth Fund infrastructure funding once approved	1.8 working days ¹	20 working days or less

Note 1: Due to the low number of claims (4), release times were quick in 2024/25.

Infrastructure Projects

This category is intended to achieve a lift in productivity potential in the regions through transport-related capital infrastructure projects.

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
86%	Proportion of NZ Transport Agency Waka Kotahi projects funded by the Provincial Growth Fund (PGF) delivered to budget and timeframes	93%	80% or greater
100%	Work is carried out per the agreed programme	100%	100%

Rail Projects

This category is intended to achieve a lift in productivity potential in the regions through a capital injection to KiwiRail Holdings Limited to finance approved rail-related projects.

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
100%	Work is carried out as per the agreed programme	100%	100%

Section 04

Organisational health & capability

Organisational systems and processes

Developing and looking after our people

The Ministry of Transport is committed to developing our people in their role and for their career in the public service.

We aim to be an organisation that attracts and retains people who deliver excellence for the public. We do that by drawing on the diverse ranges of skills, experiences, and perspectives that our people bring.

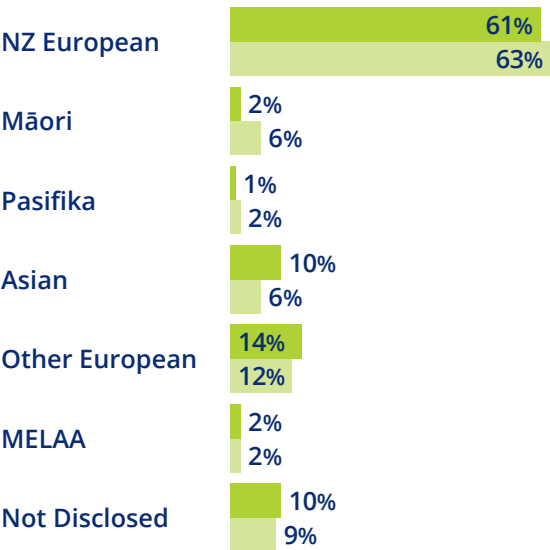
Key metrics – as at 30 June

	2024		2025
Number of Employees	238	>	206
Gender Pay Gap (mean)	7.1%	>	7.6%
Female (excluding leadership roles)	110	>	92
Female (in leadership role)	21	>	21

	2024		2025
Male (excluding leadership roles)	92	>	77
Male (in leadership role)	15	>	16
Non-binary	0	>	0
Turnover	29%	>	31%

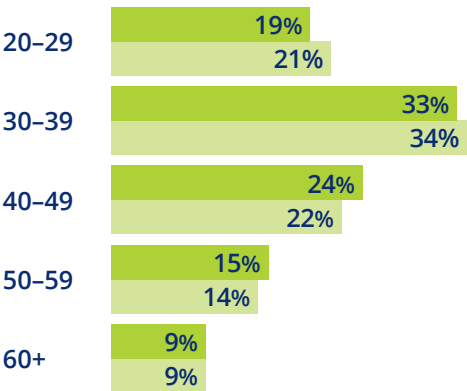
Ethnicity

2025 2024



Age distribution

2025 2024



ORGANISATIONAL HEALTH & CAPABILITY

Values

We launched our new purpose and values in 2024, and we are in the process of both embedding them deeply within our systems and ways of working and celebrating them via our new Values Awards.

All staff were invited to be involved in the design of these values. This version of our values serves as our touchstone to guide our actions and help us shape our culture now and in the future.

**Enabling a transport system
that connects New Zealand |
Te whakaahei i te punaha waka
e hono ana i a Aotearoa**

Integrity | Tapatahi

Excellence | Kairangi

Collaboration | Mahi Tahī

Performance Improvement Review

The Public Service Commission's Performance Improvement Review programme is an initiative to lift agency performance across the public service. The Programme provides a consistent basis for driving performance of agencies and systems and identifying the actions necessary to lift their performance. Performance Improvement Reviews take a forward-looking approach to identifying what is expected from an agency or system over the following 4–10 years, the capability of an agency or system to meet those expectations, and the challenges they may face along the way.

In September 2024, the Ministry's Performance Improvement Review (PIR) highlighted that over the next few years "...the Ministry will need to maintain its focus on delivering on the Government's priorities, leverage opportunities in its core functions to support its leadership role in the transport system and build or source the capability it needs as an organisation".

In response, we agreed that focus will be on:

- **Maximising the leadership opportunity within the transport system**

We will be successful in our leadership role when we are aligning, coordinating and monitoring the transport sector to collectively deliver transport outcomes New Zealanders need today and in years to come.

- **Responding to priorities while advancing longer term goals**

We are providing advice to Ministers on new funding and financing tools – both to finance the delivery of significant infrastructure, and to modernise the revenue collection system for roading. The outcome of these changes in the revenue system for land transport will be the most significant shift since the road user charges system was established in 1978. The effects of the large infrastructure investments funded by new funding and financing tools will last for decades. While the challenge of this work programme is significant, if we are successful, it will likely be the single biggest contribution we make to system performance for years.

- **Workforce strategy**

The PIR recommended a strategic workforce plan be developed to support our long-term capability. As a result, we have begun work on a workforce strategy and are underway with an initial programme of work that will help us identify what capabilities we need to focus on developing further, and how we source and retain them.

Performance and development

We encourage and support high performance and building a culture of high performance beginning with clear expectation setting. We do this using our performance management framework, team and individual performance objectives, and individual development plans that are agreed between staff and reporting managers. This focus allows us to quickly identify and support our people who need it in a targeted and meaningful way.

Our centralised training approach targets common capability needs across the Ministry. These needs are identified through development plans, organisational priorities, workforce planning, and general feedback.

We regularly review our processes and guidance to ensure that we are providing the best support possible for our staff and managers. This can include refining what we currently do or sourcing new support and resources that are better aligned with our outcomes. Some of the ways we support our people are:

- ensuring that appropriate performance and development plans are in place, along with clearer guidance for reviews and conversations
- workforce planning processes that help identify capacity gaps ahead of time
- new learning resources and platforms being trialled
- policy capability being developed using in-house expertise
- our progression and rotation policies to support the career development of staff.

Organisational Systems

As a Ministry, we continue to progress and improve the systems that support our role as the system lead on transport. These include:

- our role in growing talent for ourselves and the wider public sector; we continue to improve and run progression rounds to recognise staff developing in their career
- our Remuneration Committee continuing to provide consistency and transparency to support pay equity
- providing modern technology that supports our staff to collaborate, communicate, analyse data and prepare advice and reports – ensuring our staff can work efficiently and effectively
- assessing and using appropriate AI tools to improve productivity.

Diversity, Equity, and Inclusion (DEI)

The Ministry's DEI plan responds to the Public Service Commission's Papa Pounamu focus areas. The specific areas that we are working on are:

Addressing bias | Te Urupare I te Mariu

Addressing awareness and mitigating bias from our policies, practices and process is our goal. We continue to provide mandatory unconscious bias training for new starters and have provided further training to hiring managers to help them recognise their own unconscious bias.

Employee-led networks |

Ngā tūhononga e kōkiritia ana e ngā kaimahi

Our key focus of our DEI action plan is to support and reinforce the networks that exist at the Ministry. We actively encourage our people to come together to build and participate in employee-led networks. These networks are the social backbone of the Ministry and provide our people with spaces to connect with others outside of the work environment. We currently have the following employee-led networks: Wāhine, Disability, Rainbow, Social Network, Māori and Pasifika, and Eco Group.

ORGANISATIONAL HEALTH & CAPABILITY

Gender and Ethnic Pay Gap

Kia Toipoto continues to build on the achievements of the Public Service Commission | Te Kawa Mataaho Gender Pay Gap Action Plan | Te Mahere Mahi Rerekētanga Ira Tangata, guided by its three goals:

- make substantial progress towards closing gender, Māori, Pacific, and ethnic pay gaps.
- accelerate progress for wāhine Māori, Pacific women, and women from ethnic communities.
- create fairer workplaces for all, including disabled people and members of rainbow communities.

We published our Kia Toipoto | Te Manatū Waka Gender and Ethnic Pay Gap Action Plan Report 2024 – 2025 in November 2024 (<https://www.transport.govt.nz/about-us/work-for-us/gender-pay-analysis-and-action-plan>).

Equal Employment Opportunities

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

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

Wellbeing, Health and Safety

The Ministry recognises the importance of maintaining a healthy and safe workforce and workplace. The benefits that they provide are fundamental to a positive and inclusive culture. Our Wellbeing, Health and Safety committee has recently refreshed its membership from across the organisation.

Type	2024/25	2023/24
Incidents	0	2
No injury/ near miss	6	2

We continue to provide a range of benefits for staff such as our annual health checks, subsidies for eye tests, eyewear and hearing tests, flu vaccines, wellness days, an employee assistance programme, access to discounted health insurance, an affiliation with Les Mills and an annual wellness payment.

Māori language planning

Our Hei Arataki Māori Strategy recognises the value of Māori language and customary practices in the workplace.

Some of the ways the Ministry supports the use of te reo are:

- providing opportunities for staff to learn te reo Māori during work hours. These sessions have a high enrolment rate with few to no empty seats
- raising the visibility of te reo Māori through the use of bilingual signs, job titles, email greetings and sign offs
- raising the visibility of te reo Māori through the use of a te reo Māori name for our organisation, and its use in external publications (eg: websites)
- celebrating Te Wiki o te reo Māori by organising special events
- using Te Taunaki Public Service Census data to evaluate the use of, attitudes towards, and competency in te reo Māori among our staff.

Crown Treaty settlement commitments

He Korowai Whakamana, a Cabinet agreed framework, enhances the Crown’s accountability for its Treaty settlement commitments.

He Korowai Whakamana requires core Crown agencies to record and track the status of, and report annually on, their settlement commitments. Te Puni Kōkiri is the lead agency and is responsible for tracking the Crown’s overall

progress with delivering on Treaty settlement commitments. Since 2023, core Crown agencies used Te Haeata – the Settlement Portal to record whether each of their commitments is complete, on track, yet to be triggered or has delivery issues. The Ministry is responsible for commitments relating to right of first refusal, participation arrangements over natural resources and relationship redress. As of 30 June 2025, Te Haeata records the Ministry as having responsibility for three Treaty settlement commitments. These are set out in the table below:

Settlement Commitment	Rōpū	Detail	Status
Ngāi Tahu Treaty Settlement Commitment (Milford Airport)	Ngāi Tahu	The Crown shall, on the Settlement Date, deliver to Te Rūnanga a Deed of Grant of Right of First Refusal relating to the Crown's assets at Milford Airport, in the form specified in Attachment 9.3 and duly executed by the Crown. Te Rūnanga shall duly execute that deed on, or not later than 5 Business Days after, the Settlement Date.	Yet to be triggered
Ngāti Maniapoto (Waipa River) Treaty Settlement Commitment (The Vision and Strategy to form part of the Waikato Regional Policy Statement)	Maniapoto (Waipa River)	To the extent that the Vision and Strategy affects the Waikato River, the responsible Minister must take into account the Vision and Strategy when preparing a national land transport strategy under Part 3 of the Land Transport Management Act 2003; and to the extent that it affects the Waikato River, a management plan for a foreshore and seabed reserve prepared under section 44 of the Foreshore and Seabed Act 2004 must not be inconsistent with the Vision and Strategy.	On track
Ngāti Toa Rangatira Treaty Settlement Commitment (The Cook Strait forum)	Ngāti Toa Rangatira	The entities referred to in clause 5.31 will meet their own costs relating to participation in the Cook Strait forum.	Complete

Māori Crown relations capability

Improving our Māori Crown relations capability will be a focus for the Ministry in 2025/26.

As the transport system steward, we are committed to advancing Hei Arataki (our strategy to guide our efforts to improve transport outcomes for Māori) and adapting our approach and systems to ensure we are increasing our internal capability and external engagements with Te Iwi Māori.

While we have continued the use of te reo in staff communications and stakeholder engagements and to expand our understanding of te ao Māori worldview through events such as Matariki celebrations, we know we need to do more.

In the March 2025 Public Service Census, the Ministry recorded lower results for 'Māori Crown capability' compared to our 2021 census results. We are implementing a number of actions in 2025/26 and beyond to address this including:

- a Senior Leadership Team (SLT) action plan which includes visibly leading on Hei Arataki
- making improving our Crown Māori capability a focus area for our organisational development in 2025/26, with specific actions that are informed by the views of Ministry staff.

A new Kaihautū Māori role that reports directly to the Chief Executive will be established in the second half of 2025. A new SLT Hei Arataki Sub-Committee, which will be chaired by the Chief Executive, will also be established. Our SLT are committed to visibly demonstrating our leadership on Kaupapa Māori – including role modelling (leading by example), actively supporting the Ministry's mahi in this space (including dedicated Hei Arataki roles), and a commitment to building their own cultural capability, as well as cultural capability across the Ministry.

Carbon Neutral Government Programme Report

Carbon Neutral Government Programme (CNGP)

The Ministry of Transport is committed to the requirements of the Carbon Neutral Government Programme (CNGP) to measure, report, and reduce our greenhouse gas emissions. An operational control consolidation approach (defining our organisational boundary for reporting) was used to account for emissions.

Our 2024/25 emissions data have been independently verified against the ISO 14064-1:2018 standard by Toitū Envirocare.

Total annual emissions and their source

In 2024/25, we emitted 255 tCO₂e (tonnes of carbon dioxide equivalent). Employee commuting, imported energy (i.e. our electricity and gas), and air travel were the largest emissions sources.

Our total emissions for FY24/25 are down 3% on the year prior. This is due to a continued reduction in air travel, most significantly with international air travel down 52% since 2023/24. There was a significant increase in employee commuting emissions, up 96% from the year prior. We note this is primarily due to a change in methodology for calculating the full year result from the sample week. This reflects a more accurate calculation of the emissions associated with commuting. Despite this increase, our emissions are still decreasing overall, and we are on track to meet our long-term reduction goals.

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

Category		Scope	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1	Direct emissions	Scope 1	0	0	0	0	0	0
2	Indirect emissions from imported energy	Scope 2	57	52	49	49	51	52
3	Indirect emissions from transportation	Scope 3	311	50	68	216	195	187
4	Indirect emissions from products and services used by organisation		19	20	20	18	16	16
5	Indirect emissions associated with the use of products and services from the organisation		0	0	0	0	0	0
6	Indirect emissions from other sources		0	0	0	0	0	0
Total gross emissions (All measured emissions) in tCO ₂ e			387	122	137	283	262	255
Change in gross emissions (all Categories) from previous financial year				-68%	13%	106%	-7%	-3%
Change in gross emissions (all Categories) since base year				-68%	-64%	-27%	-32%	-34%

- Notes:
- For the first time, in 2024/25 we have included the New Zealand Search & Rescue Secretariat (NZSAR) in our emissions reporting.
 - In 2022/2023 we also excluded the Auckland Light Rail Delivery Unit (ALRD) as they were not part of the Ministry's core business.
 - These emissions results align with the latest MfE 2025 Measuring Emissions Guidance.

ORGANISATIONAL HEALTH & CAPABILITY

Emissions breakdown by selected sources against previous year and base year

Emission Sources		FY2019/20 tCO ₂ e	FY2022/23 tCO ₂ e	FY2023/24 tCO ₂ e	
Air travel international*	R	222.5	98.28	46.92	✓
Air travel domestic*	R	72.8	26.29	18.85	✓
Employee commuting	L	-	55.42	108.71	↗
Electricity*	R	15.83	10.60	15.24	↗
Electricity distributed T & D losses*	R	1.57	0.77	1.16	↗
Natural gas*	R	40.96	40.84	36.99	✓
Natural gas distributed T & D losses*	R	3.62	1.52	1.18	✓
Mileage*	R	0.11	0.43	0.86	↗
Paper use	R	1.34	1.44	2.08	↗
Rental car*	R	3.05	0.29	0.25	✓
Taxis*	R	1.85	1.48	0.76	✓
Travel accommodation*	R	6.3	6.15	2.25	✓
Waste landfilled*	R	3.72	0.28	0.20	✓
Wastewater services*	R	8.24	10.36	9.8	✓
Water supply*	R	0.7	0.93	1.12	↗
Working from home*	L	4.94	6.95	8.53	↗

Note: Staff commute was added as a new emissions source in 2022/23

L = Limited Assurance

R = Reasonable Assurance

* Mandatory emission sources under the CNGP

Due to emissions factors being reviewed and adjusted each year by the Ministry for the Environment, there are instances whereby consumption has reduced yet the emissions output has grown. This was the case with our electricity and working from home emissions this year. For example, the total days worked from home by staff 2024/25 calculations showed a reduction compared to the year prior, however due to an increase in the electricity consumption associated with the Working from Home emissions factor it resulted in an increase in emissions.

We received limited assurance for the Working from Home and Employee Commuting data, reflective of the data uncertainties that exist in these calculations. All other emissions sources have been verified to reasonable assurance levels.

Emissions intensity by FTE and expenditure

Although our headcount and expenditure decreased compared with the previous year, our emissions intensity was very similar. Both intensity metrics saw a 40% decrease compared with our base year.

KPI	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Headcount	170	184	241	244	227	206
Expenditure (\$m)	47.99	44.24	55.42	60.74	54.44	52.40
Emissions intensity						
Total gross emissions per person in tco ₂ e	2.27	0.66	0.56	1.15	1.15	1.24
Million dollars of expenditure per tco ₂ e	8.06	2.75	2.47	4.66	4.81	4.87

Note: The figures in this table exclude the NZ Search and Rescue secretariat before current 2024/25 reporting year.

Our progress against reduction targets

The Ministry has set science-aligned reduction targets on all mandatory emissions sources as determined by the CNGP, to limit global warming to 1.5 degrees Celsius above pre-industrial levels. The Ministry is currently exceeding its targets and is committed to maintaining this progress.

We have achieved the following target:

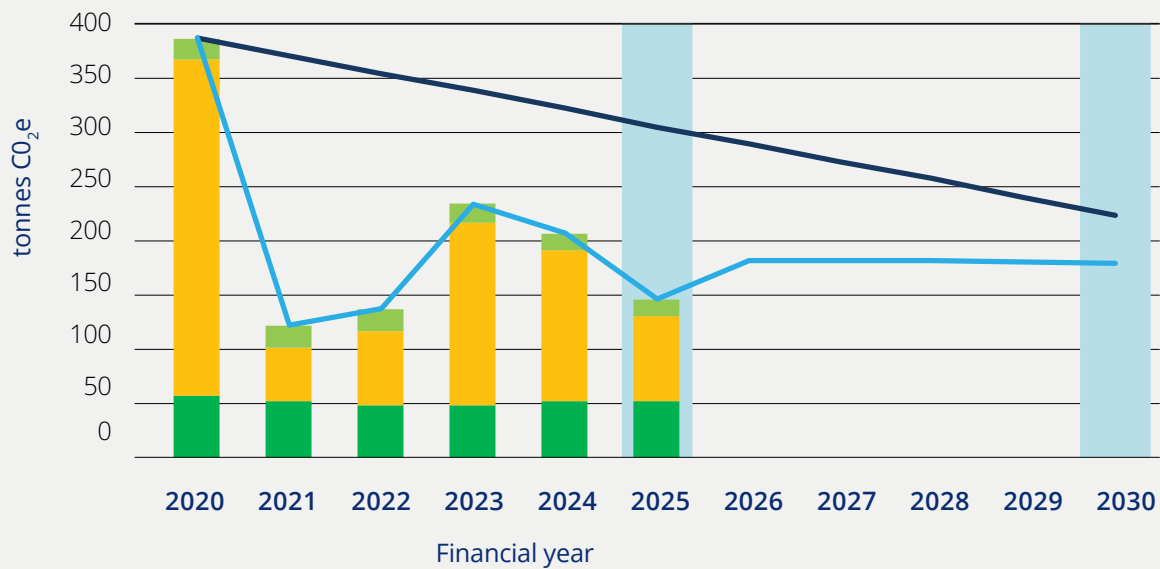
- **2025 target:** Gross emissions (all mandatory emissions sources) to be no more than **305 tCO₂e**, or a 21% reduction compared to our base year FY19/20
Result: With employee commuting excluded (which was not included in our base year and therefore resulting progress against targets), in 2024/25 we emitted **146 tCO₂e**, a reduction of 62.3% against our base year total.

We are on course to meet our 2030 target:

- **2030 target:** Gross emissions (all mandatory emissions sources) to be no more than **224 tCO₂e**, or a 42% reduction compared to our base year FY19/20
Progress: Current totals indicate we will be able to meet our 2030 target

ORGANISATIONAL HEALTH & CAPABILITY

Figure 1: Projections and target setting for the Ministry of Transport



Note: Although employee commuting was added as a new emissions source in 2022/23, it is not a mandatory emissions source under the CNGP and is subsequently outside of our progress against targets established in our base year.

Section 05

Annual Financial Statements

ANNUAL FINANCIAL STATEMENTS

Financial Performance

Column definitions

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

- **2024 Actual** – as published in the Ministry's Annual Report for the year ended 30 June 2024.
- **2025 Actual** – the audited actual figures for the current financial year.
- **2025 Budget** – as published in the Ministry's Budget Estimates Fiscal Update (BEFU) for the 2024 year and the Annual Report for the year ended 30 June 2024. This information is unaudited.
- **2026 Forecast** – as published in the Ministry's BEFU for the 2025 year. This information is unaudited.

Refer to Note 1 for more information on 2026 Forecast figures.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2025

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

Actual 2024 \$000		Note	Actual 2025 \$000	Unaudited budget 2025 \$000	Unaudited forecast 2026 \$000
Revenue					
67,519	Revenue Crown		55,054	59,844	60,956
2,418	Other revenue	2	2,137	1,903	3,508
69,937	Total revenue		57,191	61,747	64,464
Expenses					
35,079	Personnel expenses	3	32,929	38,900	35,662
5,449	Contractual payments to Crown entities	4	3,600	6,188	6,188
211	Depreciation and amortisation expense	8	71	397	222
141	Capital charge	5	182	154	141
18,886	Other operating expenses	6	14,226	16,108	22,251
59,766	Total expenses		51,008	61,747	64,464
10,171	Net surplus		6,183	-	-
	Other comprehensive revenue				
-	Net gain on revaluation	8	802	-	-
10,171	Total comprehensive revenue and expense		6,985	-	-

Explanations of major variances against the 2024/25 budget are provided in Note 15.

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

As at 30 June 2025

The Statement of Financial Position reports the total assets and liabilities of the Ministry as at 30 June 2025. Equity is represented by the difference between the assets and liabilities.

Actual 2024 \$000		Note	Actual 2025 \$000	Unaudited budget 2025 \$000	Unaudited forecast 2026 \$000
Current assets					
10,375	Cash and cash equivalents		11,259	4,322	7,304
7,640	Debtors, prepayments and other receivables	7	2,765	6,348	1,058
18,015	Total current assets	13	14,024	10,670	8,362
Non-current assets					
992	Property, plant and equipment	8	1,982	736	1,048
992	Total non-current assets		1,982	736	1,048
19,007	Total assets		16,006	11,406	9,410
Current liabilities					
1,963	Creditors and other payables	9	2,180	5,105	3,388
2,943	Employee entitlements	10	2,677	2,317	2,089
17	Provisions	11	431	42	21
10,171	Return of operating surplus		6,183	-	-
15,094	Total current liabilities		11,471	7,464	5,498
Non-current liabilities					
1,089	Employee entitlements	10	909	1,118	1,088
1,089	Total non-current liabilities		909	1,118	1,088
16,183	Total liabilities		12,380	8,582	6,586
2,824	Net assets		3,626	2,824	2,824
Equity					
1,947	Taxpayers' funds	12	1,947	1,947	1,947
877	Revaluation reserve – Milford Sound/ Piopiotahi Aerodrome	12	1,679	877	877
2,824	Total equity		3,626	2,824	2,824

Explanations of major variances against the 2024/25 budget are provided in Note 15.

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

Statement of Changes in Equity

For the year ended 30 June 2025

Actual 2024 \$000		Note	Actual 2025 \$000	Unaudited budget 2025 \$000	Unaudited forecast 2026 \$000
2,824	Balance at 1 July		2,824	2,824	2,824
10,171	Total comprehensive revenue and expense		6,985	-	-
	Owner transactions				
(10,171)	Return of operating surplus to the Crown		(6,183)	-	-
2,824	Balance at 30 June	12	3,626	2,824	2,824

Explanations of major variances against the 2024/25 budget are provided in Note 15.
The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

Statement of Cash Flows

For the year ended 30 June 2025

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

Actual 2024 \$000	Note	Actual 2025 \$000	Unaudited budget 2025 \$000	Unaudited forecast 2026 \$000
Cash flows from operating activities				
67,519	Crown revenue	58,895	59,844	61,286
1,861	Receipts from departments/Crown entities	1,538	1,578	1,678
455	Other revenue	691	325	1,600
(35,465)	Personnel costs	(32,953)	(38,900)	(35,662)
(21,373)	Operating expenses	(14,302)	(16,223)	(22,368)
(5,449)	Contractual payments to Crown entities	(3,600)	(6,188)	(6,188)
(1,004)	Goods and Services Tax (net)	1,189	-	-
(141)	Capital charge	(141)	(154)	(141)
6,404	Net cash flows from operating activities	11,317	282	205
Cash flows from investing activities				
(105)	Purchase of property, plant and equipment	(262)	(250)	(250)
(105)	Net cash flows from investing activities	(262)	(250)	(250)
Cash flows from financing activities				
(5,454)	Return of operating surplus	(10,171)	-	-
(5,454)	Net cash flows from financing activities	(10,171)	-	-
845	Net increase/(decrease) in cash and cash equivalents	884	32	(45)
9,530	Cash and cash equivalents at the beginning of the year	10,375	4,290	7,349
10,375	Cash and cash equivalents at the end of the year	11,259	4,322	7,304

Explanations of major variances against the 2024/25 budget are provided in Note 15.

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

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

Actual 2024 \$000		Actual 2025 \$000
10,171	Net surplus	6,183
	Add non-cash items	
211	Depreciation and amortisation expense	71
211	Total of non-cash items	71
	Add/(deduct) movements in Statement of Financial Position items	
(1,294)	(Increase)/decrease in debtors and other receivables	4,875
(2,419)	Increase/(decrease) in payables and provisions	634
(265)	Increase/(decrease) in employee entitlements	(446)
(3,979)	Net movements in Statement of Financial Position items	5,063
6,404	Net cash flows from operating activities	11,317

Explanations of major variances against the 2024/25 budget are provided in Note 15.
The accompanying notes form part of these financial statements.

Statement of Commitments

As at 30 June 2025

Capital commitments

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

The Ministry has no capital commitments as at 30 June 2025 (2024: Nil).

Non-cancellable operating lease commitments

The Ministry leases property in the normal course of business in Wellington and Auckland which has non-cancellable leasing periods of up to two years. These commitments are disclosed below.

Actual 2024 \$000		Actual 2025 \$000
Operating lease as lessee		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
1,479	Not later than 1 year	1,144
1,097	Later than 1 year and not later than 5 years	166
-	Later than 5 years	-
2,576	Total non-cancellable operating lease commitments	1,310

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

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2025

Contingent liabilities

Unquantifiable contingent liability

The Ministry has one outstanding employment claim as at 30 June 2025. The Ministry is undertaking further investigation of this matter, and the amount of any settlement is uncertain at year-end.

The Ministry has no other contingent liabilities (2024: \$Nil)

Contingent assets

The Ministry has no contingent assets as at 30 June 2025 (2024: \$Nil).

ANNUAL FINANCIAL STATEMENTS

Notes to the Departmental Financial Statements, Non-departmental Schedules and Appropriation Statements

As at 30 June 2025

Note 1: Statement of Accounting Policies

Reporting entity

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

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

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

The departmental financial statements and the financial information reported in the non-departmental schedules are consolidated into the Financial Statements of the Government and therefore, readers of these schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2025.

The financial statements of the Ministry are for the year ended 30 June 2025. These financial statements were authorised for issue by the Acting Chief Executive on 30 September 2025.

Basis of preparation

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

Statement of compliance

The financial statements and unaudited forecast financial statements of the Ministry have been prepared in accordance with the requirements of the PFA, which includes the requirement to comply with NZ GAAP and Treasury Instructions. Measurement and recognition rules applied in the preparation of the non-departmental schedules are consistent with NZ GAAP and Crown accounting policies and are detailed in the Financial Statements of the Government. These Financial Statements have been prepared in accordance with Tier 1 NZ PBE accounting standards.

Presentation currency and rounding

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

New or amended standards adopted

Disclosure of Fees for Audit Firms' Services – Amendments to PBE IPSAS 1

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) has been adopted in the preparation of these financial statements. The amendment changes the required disclosures for fees for services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. This new disclosure is included in Note 6.

ANNUAL FINANCIAL STATEMENTS

Other changes in accounting policies

In 2024/25, the Ministry changed its accounting policy for recognising revenue and expenses for the Clean Car Standard fleet average scheme. Revenue and expenses are now recognised based on the importer’s net position on a calendar-year basis, rather than on a financial-year basis.

The change was made to better reflect the substance of the underlying transactions and to comply with PBE IPSAS 23 and

relevant legislation. Management believes the new policy provides more relevant and reliable information to users of the financial statements.

In accordance with PBE IPSAS 3, this change in accounting policy has been applied retrospectively to the extent practicable. Comparative information has been restated to reflect the new policy.

The adjustments are shown in the table below.

	Actual 2023/24		
	Before adjustments \$000	Correction of error \$000	After adjustments \$000
Non-departmental current assets			
Receivables	64,857	(55,401)	9,456
Non-departmental current liabilities			
Payables	84,747	(7,514)	77,233
Non-departmental revenue and receipts			
Other ‘sovereign power’ revenue	146,087	(94,713)	51,374
Non-departmental expenses			
Other expenses to be incurred by the Crown	396,634	(46,667)	349,967
Net impairment on receivables	18,929	(159)	18,770

These restatements had a consequential impact on Notes 3, 5, and 8 and contingent liabilities section of the non-departmental statements and schedules.

Standards issued and not yet effective and not early adopted

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

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1)

This amendment clarifies the principles for classifying a liability as current or non-current, particularly in relation to loan covenants. The amendment is effective for the year ended 30 June 2027.

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

ANNUAL FINANCIAL STATEMENTS**Summary of significant accounting policies**

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Revenue Crown – Non-exchange

Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period.

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

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

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

Cash and cash equivalents

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

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

Income tax

The Ministry is a public authority and consequently is exempt from income tax. Accordingly, no provision has been made for income tax.

Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis.

Departmental

Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Non-departmental

GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense in the schedule of non-departmental expenses and is eliminated against GST revenue on consolidation of the Financial Statements of the Government.

Intangible assets

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

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

Where software is provided under a Software-as-a-Service (SaaS) arrangement, costs of configuration and customisation are recognised as an intangible asset only if the activities create an intangible asset that the Ministry controls and asset recognition criteria are met. Costs, including ongoing fees for use of software, that do not result in an intangible asset, or a software finance lease are expensed as a service contract as incurred. However, where fees represent payment for future services to be received, the Ministry recognises these as a prepayment and expenses these as subsequent services are received.

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

Critical accounting estimates and assumptions

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

We have performed a sensitivity analysis of increases in expected credit losses relating to motor vehicle registration fees and road user charges revenue in Note 5 of the non-departmental financial statements.

Statement of cost allocation policies

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

- Direct costs are expenses incurred from activities specifically attributable to producing an output. These costs are charged directly to the relevant output classes.
- Indirect costs are those costs that cannot be identified with a specific output. Indirect costs are allocated to each output through a two-stage process. The costs are assigned to cost centres within the Ministry, and then the costs are allocated to outputs based on a proportion of staff time attributable to the outputs of that cost centre.

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

Budget and Forecast figures

Basis of preparation

The 2025 budget figures are for the year ended 30 June 2025 and were published in the 2023/24 annual report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 30 June 2025.

The forecast figures, representing the Forecast Financial Statements, are those published in the BEFU for the year ended 30 June 2026, and are prepared in accordance with PBE FRS 42 Prospective Financial Statements.

The Forecast Financial Statements have been prepared as required by the Public Finance Act 1989 to communicate forecast financial information for accountability purposes. Forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The significant assumptions underlying the Forecast Financial Statements are:

- the functions performed and the appropriations administered by the Ministry will not change over the forecast period
- personnel costs were based on established roles' wages and salary costs, adjusted for anticipated remuneration changes
- operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred
- the Ministry will not receive any additional funding beyond that voted in the Estimates of Appropriations during the forecast period.

The actual financial results achieved for 30 June 2025 are likely to vary from the forecast information, and the variations may be material.

Authorisation statement

The Forecast Financial Statements were authorised for issue by the Acting Chief Executive of the Ministry on 14 April 2025. The Chief Executive is responsible for the Forecast Financial Statements presented, including the appropriateness of the underlying assumptions and all other required disclosures.

Although the Ministry regularly updates its forecasts, it will not publish updated Forecast Financial Statements for the year ending 30 June 2026.

ANNUAL FINANCIAL STATEMENTS

Note 2: Other Revenue

Accounting policy

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

Actual 2024 \$000		Actual 2025 \$000
1,924	Crown entities and other departments	1,466
356	Milford Sound/Piopiotahi Aerodrome landing fees	514
138	Other recoveries	157
2,418	Total other revenue	2,137

Note 3: Personnel Expenses

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services. This includes the cost of contractors engaged in a contract for service.

Superannuation schemes

Defined contribution schemes

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

Actual 2024 \$000		Actual 2025 \$000
33,387	Salary and wages	31,464
1,022	Employer contributions to defined contribution schemes	937
913	Other personnel costs	553
-	Increase in restructuring provision (Note 11)	414
(243)	Decrease in employee entitlements	(439)
35,079	Total personnel expenses	32,929

Note 4: Contractual Payments to Crown Entities

Actual 2024 \$000		Actual 2025 \$000
3,849	NZ Transport Agency: For fuel excise duty refund activity	2,000
800	Civil Aviation Authority: for rules programme activity	800
800	Maritime New Zealand: for rules programme activity	800
5,449	Total contractual payments to Crown entities	3,600

Note 5: Capital Charge

Accounting policy

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

The Ministry pays a capital charge to the Crown based on its taxpayers’ funds as at 30 June and 31 December each year for the previous 6 months. The capital charge rate for the year ended 30 June 2025 was 5% (2024: 5%).

Note 6: Other Operating Expenses

Accounting policy

Other expense

Other expenses are recognised as goods and services are received.

Actual 2024 \$000		Actual 2025 \$000
	Fees to auditor:	
-	• fees to Audit New Zealand for audit of financial statements – 2024/25	247
257	• fees to Audit New Zealand for audit of financial statements – 2023/24 and prior	130
2,559	Other professional services*	3,249
8,014	Consultants*	3,184
3,195	Information technology expenses	2,968
1,924	Accommodation and lease costs*	2,043
1,271	Research expenses*	1,241
788	Travel and training costs*	487
880	Other operating expenses*	677
18,886	Total other operating expenses	14,226

* Comparative figures in the 2023/24 Annual Report have been restated to reflect the expense classification format adopted for the 2024/25 reporting period.

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Note 7: Debtors, Prepayments and Other Receivables

Accounting policy

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

In measuring ECLs, short-term receivables have been assessed on a collective basis because they possess shared credit risk characteristics. They have been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

We have excluded receivables from government departments and Crown entities as there has been no indication that these receivables will not be collected.

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

Actual 2024 \$000		Actual 2025 \$000
Receivables from non-exchange transactions		
5,611	Due from the Crown	-
971	GST receivable	-
Receivables from exchange transactions		
265	Other receivables	1,981
793	Prepayments	784
7,640	Total debtors, prepayments and other receivables under exchange transactions	2,765

The carrying value of debtors, prepayments, and other receivables approximates their fair value. Other receivables greater than 30 days in age are considered to be past due. Receivables of \$26,032 were past due at 30 June 2025 (2024: \$73).

A doubtful debt is created when there is no reasonable expectation of recovery for specific debts. The Ministry has no doubtful debt provisions as at 30 June 2025 (2024: \$Nil).

Note 8: Property, Plant and Equipment

Accounting Policy

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

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

Revaluation

Milford Sound/Piopirotahi Aerodrome (the aerodrome) is revalued with sufficient regularity to ensure that its carrying amount does not differ materially from fair value and at least every five years. The next valuation will be in 2029/30.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are expensed in the surplus or deficit as they are incurred.

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Depreciation/Amortisation

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

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

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

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

ANNUAL FINANCIAL STATEMENTS**Impairment**

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

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense, and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

Critical accounting estimates and assumptions**Estimating the fair value of Milford Sound/ Piopiotahi Aerodrome**

The aerodrome was valued at 31 March 2025 by an independent valuer. The assumptions made in the current valuation are still valid and unchanged as of 30 June 2025. The valuation was based on the aerodrome's optimised depreciated replacement cost. This approach reflects the fair value of the assets based on their highest and best use.

Key assumptions include:

- Componentisation: Assets are broken into components with varying useful lives.
- Replacement cost: Unit rates have been assessed for the provision of a replacement cost for each asset type that include costs for planning, construction, reinstatement and demolition. On-costs are 12%, and 20% for runway, taxiway and apron surfaces.
- Location: Rates reflect Milford Sound's remoteness.
- Depreciation: Applied on a straight-line basis. Non-depreciated components include formation earthworks and sub-base layers.
- Minimum remaining life: A minimum of 3 years is applied to assets beyond their effective life, except for resurfaced areas.
- Residual values: Assessed at zero.

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	Leasehold improvements \$000	Plant and equipment \$000	Milford Sound/ Piopiotahi Aerodrome \$000	Total \$000
Cost or valuation				
Balance at 1 July 2023	931	174	1,286	2,391
Additions	-	105	-	105
Disposals	-	(90)	-	(90)
Balance at 30 June 2024	931	189	1,286	2,406
Additions	-	14	52	66
Work in progress	-	-	196	196
Revaluation	-	-	1,309	1,309
Impairment	-	-	(1)	(1)
Disposals	-	-	(17)	(17)
Balance at 30 June 2025	931	203	2,825	3,959
Accumulated depreciation				
Balance at 1 July 2023	729	117	447	1,293
Depreciation	175	8	28	211
Disposals	-	(90)	-	(90)
Balance at 30 June 2024	904	35	475	1,414
Depreciation	27	35	9	71
Revaluation	-	-	492	492
Disposals	-	-	1	1
Impairment	-	-	(1)	(1)
Balance at 30 June 2025	931	70	976	1,977
Carrying amounts				
At 30 June 2023	202	57	839	1,098
At 30 June 2024	27	154	811	992
At 30 June 2025	-	133	1,849	1,982

Work in progress

As at 30 June 2025 there is \$196,155 work in progress asset which relates to the Milford Sound/ Piopiotahi Aerodrome (2024: \$Nil).

Restrictions

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

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Note 9: Creditors and Other Payables

Accounting policy

Short-term payables are recorded at the amount payable.

Actual 2024 \$000		Actual 2025 \$000
Payables under exchange transactions		
841	Trade creditors under exchange transactions	261
923	Accrued expenses	1,393
199	Revenue received in advance	311
Payables under non-exchange transactions		
-	Due to the Crown	-
-	GST payable	215
1,963	Total creditors and other payables under exchange transactions	2,180

Note 10: Employee Entitlements

Accounting policy

Short-term employee entitlements

Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period that the employees provide the related service in are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

Long-term entitlements

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

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

ANNUAL FINANCIAL STATEMENTS

Presentation of employee entitlements

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

Critical accounting estimates and assumptions

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

Discount rate	2025	2024	Salary Inflation	2025	2024
Year 1	3.14%	5.43%	Year 0	0.00%	0.00%
Year 2	3.47%	4.85%	Year 1	1.99%	3.60%
Year 3+	5.58%	4.84%	Year 2+	2.89%	3.35%

Actual 2024 \$000		Actual 2025 \$000
	Current portion	
894	Annual salary	861
1,747	Annual leave	1,580
152	Long service leave	126
117	Retirement leave	110
33	Sick leave	-
2,943	Total of current portion	2,677
	Non-current portion	
237	Long service leave	228
852	Retirement leave	681
1,089	Total of non-current portion	909
4,032	Total employee entitlements	3,586

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Note 11: Provisions

Accounting policy

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

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

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

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

Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has been announced publicly to those affected or implementation has already begun.

	Holidays Act compliance \$000	Restructuring \$000	Other provisions \$000	Total \$000
Balance at 1 July 2023	17	-	98	115
Release of provision	-	-	(98)	(98)
Balance at 1 July 2024	17	-	-	17
New provision	-	414	-	414
Balance at 30 June 2025	17	414	-	431
Current liabilities	17	414	-	431
Non-current liabilities	-	-	-	-

Holidays Act compliance provision

The Ministry’s payroll system was non-compliant with the Holidays Act 2003. The Ministry has been working with an external consultant to find a solution to ensure compliance with the Act. A provision has been created based on the current estimate of the Ministry’s liability to remediate any payroll underpayments due to the non-compliance with the Act. No additional provision was made in 2024/25.

Restructuring provision

The Senior Leadership Team approved a detailed and formal restructuring plan for the Corporate Services Group that was announced in December 2024 and May 2025, respectively. The restructuring plan and associated payments are expected to be completed in August 2025 and February 2026, respectively. The provision represents the estimated costs of redundancies, and the amount of the liability is considered to be reasonably certain.

Note 12: Equity

Accounting policy

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

Actual 2024 \$000		Actual 2025 \$000
Taxpayers' funds		
1,947	Balance at 1 July	1,947
10,171	Net surplus/(deficit)	6,183
(10,171)	Return of operating surplus to the Crown	(6,183)
1,947	Balance at 30 June	1,947
Revaluation reserves – Milford Sound/Piopiotahi Aerodrome		
877	Balance at 1 July	877
-	Net gain on revaluation	802
877	Balance at 30 June	1,679
2,824	Total equity	3,626

Note 13: Financial Instrument Categories

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

Actual 2024 \$000		Actual 2025 \$000
Financial assets measured at amortised cost		
10,375	Cash and cash equivalents	11,259
6,847	Debtors and other receivables	2,765
17,222	Total financial assets measured at amortised cost	14,024
Financial liabilities measured at amortised cost		
1,963	Creditors and other payables	1,965
1,963	Financial liabilities measured at amortised cost	1,965

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Note 14: Related Party Information

The Ministry is a wholly owned entity of the Crown.

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

The Ministry received revenue from other entities controlled by the Crown to reimburse it for costs – detailed in Note 2.

The Ministry also purchased transport outputs from other transport entities controlled by the Crown – detailed in Note 4.

Transactions with key management personnel

The Ministry did not enter into any transactions with key management personnel or their close families in 2024/25 (2024: Nil).

Key management personnel compensation

Actual 2024		Actual 2025
Leadership team, including the Chief Executive		
2,376	Remuneration (\$000)	2,028
6.8	Full-time equivalent staff	6.0

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

Note 15: Explanation of Major Variances against Budget 2025 Figures

Explanations for major variances from the Ministry's original 2024/25 budget figures are as follows:

Statement of Comprehensive Revenue and Expense

Revenue Crown

Crown revenue was \$4.790 million lower than originally budgeted due to:

- A decrease of \$3.790 million in the *Policy advice, ministerial servicing, governance, and other functions* appropriation, mostly due to:
 - \$2.650 million of funding was carried forward to future years to address future cost pressures.
 - \$1 million permanent reduction to correct the Ministry's baseline. Previous time-limited funding had been rolled out indefinitely when it should have stopped in 2022/23.
- A decrease of \$1 million in the *Search and Rescue Activity Coordination PLA* from operational savings.

Personnel expenses

Personnel costs were lower than budget by \$5.971 million due to fewer FTEs and contractors than initially budgeted.

Contractual payments to Crown entities

Contractual payments to Crown entities were lower than budget by \$2.588 million mainly due to operational savings and efficiencies made by NZTA in 2024/25.

Other operating expenses

Other operating expenses were under budget by \$1.882 million mostly due to less spending on consultancy than budgeted in line with expectations of the Government.

Statement of Financial Position

Debtors, prepayments and other receivables

Debtors, prepayments and other receivables are lower than budgeted by \$3.583 million mainly due to the drawdown of the Crown debtor during 2024/25.

Property, plant and equipment

Property, plant and equipment is higher than budgeted by \$1.246 million mainly due to the revaluation of the Milford Sound/ Piopiotahi Aerodrome in 2024/25 that was not initially budgeted.

Creditors and other payables

Creditors and other payables were lower than budgeted by \$2.925 million primarily due to the timing of payments at year end.

Statement of Cash Flows

Variances in the Statement of Cash Flows are in line with variances in the Statement of Comprehensive Revenue and Expense and Statement of Financial Position as explained above.

Note 16: Events after Balance Sheet Date

There have been no significant events after balance date.

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Non-departmental Statements and Schedules

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

Schedule of Non-Departmental Revenue and Receipts

For the year ended 30 June 2025

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

Actual 2024 \$000 Restated ¹²		Note	Actual 2025 \$000	Unaudited budget 2025 \$000
2,004,352	Indirect taxation	2	2,253,143	2,327,727
154,843	Other 'sovereign power' revenue	3	80,699	151,300
-	Dividend Income		20,000	-
13,850	Other operational revenue	4	14,181	8,760
(22,849)	Share of net asset increase/(decrease) in joint ventures	6	(73,322)	-
2,150,196	Total non-departmental revenue and receipts		2,294,701	2,487,787

Schedule of Non-Departmental Expenses

For the year ended 30 June 2025

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

Actual 2024 \$000 Restated ¹²		Note	Actual 2025 \$000	Unaudited budget 2025 \$000
4,212,325	Non-departmental output classes		4,939,106	4,377,047
349,967	Other expenses to be incurred by the Crown		192,898	275,475
526,506	Non-departmental multi category appropriation expenses		388,166	495,239
18,770	Net impairment on receivables		20,771	18,000
746,684	GST expense		818,390	750,616
5,854,252	Total non-departmental expenses		6,359,331	5,916,377

Explanations of major variances against budget are provided in Note 10.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2025.

¹² Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

Schedule of Non-Departmental Assets

For the year ended 30 June 2025

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

Actual 2024 \$000 Restated ¹²		Note	Actual 2025 \$000	Unaudited budget 2025 \$000
Current assets				
46,294	Cash and bank balances		622,863	500,707
367,764	Receivables	5	583,480	100,603
Non-current assets				
1,784,664	Investment in joint ventures	6	1,932,755	2,127,709
2,198,722	Total non-departmental assets		3,139,098	2,729,019

In addition, the Ministry monitors four Crown entities:

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

The Crown's investment in those entities is consolidated in the Financial Statements of the Government on a line-by-line basis. The investment in those entities is not included in this schedule.

Explanations of major variances against budget are provided in Note 10.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2025.

¹² Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

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Schedule of Non-Departmental Liabilities

For the year ended 30 June 2025

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

Actual 2024 \$000 Restated ¹²		Note	Actual 2025 \$000	Unaudited budget 2025 \$000
Current liabilities				
872,279	Payables	8	1,247,116	816,566
872,279	Total non-departmental liabilities		1,247,116	816,566

Schedule of Non-Departmental Commitments

For the year ended 30 June 2025

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

In 2024/25, the reporting of non-departmental commitments has been refined to ensure continued alignment with Treasury guidelines.

Aside from the Government’s share of City Rail Link Limited (CRL) and joint ventures commitments (Note 6), the Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2024: \$Nil).

Statement of Non-Departmental Contingent Liabilities and Contingent Assets

For the year ended 30 June 2025

This statement discloses situations which exist at 30 June 2025, the ultimate outcome of which is uncertain and will be confirmed only on the occurrence of one or more future events after the date of approval of the financial statements.

Contingent Liabilities

Unquantifiable contingent liability

Public Works Act claims

As of 30 June 2025, there is one claim before the Land Valuation Tribunal (LVT) or courts where City Rail Link Limited (CRL) is either directly or indirectly involved as a party. This claim relates to compensation for the acquisition of land and a restrictive covenant. CRL continues to assess the compensation payable to those landowners to resolve outstanding claims. However, it is not possible to reliably estimate the obligations of CRL or accurately predict whether any compensation offer will be acceptable to the landowner, each property owner being entitled to have compensation determined by the Land Valuation Tribunal.

Explanations of major variances against budget are provided in Note 10.
The accompanying notes form part of these financial statements.
For a full understanding of the Crown’s financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2025.

12 Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

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Quantifiable contingent liabilities

Actual 2024 \$000 Restated ¹²		Actual 2025 \$000
10,000	Transport Accident Investigation Commission emergency guarantee	10,000
201,000	New Zealand Transport Agency Clean Car Standards credits scheme	161,000
-	Joint Venture Airports share in operating losses for 2024/25	700
211,000	Total contingent liabilities	171,700

Emergency guarantee

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

Clean Car Standard scheme

The Clean Car Standard scheme became effective from 1 January 2023. Cars that are imported with a CO₂ level above the Government mandated standard pay a charge. Cars that are imported with a CO₂ level below the Government mandated standard receive a credit. The credit can either be used to offset a current charge, keep offsetting future charges or sold to another importer.

NZTA's judgement is that only some of the credits will be utilised in 2025/26, which is informed by importer expectations. In 2024/25, \$161 million (2024: \$201 million) is recorded as contingent liability.

Joint Venture Airports share in operating losses for 2024/25

The Crown holds 50% interest in each airport (Taupō, Whanganui, Westport, Whakatāne, Whangārei), with the other 50% held by the local council. The Crown has a commitment to 50% of operating losses and capital expenses.

The 2024/25 annual financial statements for the five airports were unavailable in time for the Crown to reflect its share of the 2024/25 losses. The Ministry's estimated share of the airports' operating losses based on their forecast financial statements for 2024/25 is \$0.7 million. The Ministry has an obligation to address this potential loss in line with joint venture deeds.

The Ministry on behalf of the Crown has no other contingent liabilities (2024: \$Nil)

Contingent assets

The Ministry had no contingent assets held on behalf of the Crown as the balance date (2024: \$Nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2025.

¹² Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

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Notes to Non-departmental Schedules and Statements

For the year ended 30 June 2025

Note 2: Indirect Taxation

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

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

Actual 2024 \$000		Actual 2025 \$000
1,821,467	Road user charges	2,019,156
17,610	Track user charges	17,095
232,278	Motor vehicle registration fees	286,793
2,071,355	Sub-total	2,323,044
(67,003)	Fuel excise duty refunds	(69,901)
2,004,352	Total indirect taxation	2,253,143

Note 3: Other 'Sovereign Power' Revenue

Actual 2024 \$000 Restated ¹²		Actual 2025 \$000
51,374	Clean Car Standard Charges	72,524
103,337	Clean Car Discount fees	-
-	Safety Camera Infringement	8,007
132	Infringement fees – tolls and other	168
154,843	Total other 'sovereign power' revenue	80,699

Note 4: Other Operational Revenue

Actual 2024 \$000		Actual 2025 \$000
13,726	Tolling revenue (see note 7)	14,163
124	Road user charges administration fees	18
13,850	Total other operational revenue	14,181

¹² Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

Note 5: Receivables

Accounting policy

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

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

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

Actual 2024 \$000 Restated ¹²		Actual 2025 \$000
Non-exchange revenue		
61,930	Road user charges revenue	57,129
34,761	Motor vehicle registration fees	53,056
9,456	Clean Car Standard Charges	10,027
4,150	Track user charges	4,316
-	Safety Camera Infringement	3,140
282,981	Output funding receivable from New Zealand Transport Agency	483,547
-	Output funding receivable from Civil Aviation Authority	3,510
-	Output funding receivable from Aviation Security Service	500
8,872	Output funding receivable from KiwiRail	-
387	Output funding receivable from Maritime New Zealand	589
402,537	Total non-exchange revenue receivables	615,814
Exchange revenue		
3,303	Tolling revenue	3,389
3,303	Total exchange revenue receivables	3,389
405,840	Sub-total	619,203
(38,076)	Provision for doubtful debts	(35,723)
367,764	Total receivables	583,480

For motor vehicle registration fees and road user charges (RUC) revenue, debts are assessed for impairment regularly and provision made for non-collectable debts using the simplified expected credit loss model of recognising lifetime expected credit losses for receivables, as shown above.

There has been a decrease in the RUC receivable balance as at 30 June 2025 (\$57 million) compared to 2024 (\$62 million) in part due to an increased RUC bad debt write-off in 2024/25 (\$23 million) than in the previous year (\$14 million).

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

¹² Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

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The ageing profile of receivables is shown below:

2023/24 Restated ¹²				2024/25		
Gross \$000	Impairment \$000	Net \$000		Gross \$000	Impairment \$000	Net \$000
358,772	3,252	355,520	Not past due	572,211	3,310	522,743
6,898	3,599	3,299	Past due 1–30 days	6,431	3,346	3,085
3,990	2,415	1,575	Past due 31–60 days	4,481	2,688	1,793
9,051	6,419	2,632	Past due 61–90 days	10,076	6,826	3,250
27,129	22,391	4,738	Past due > 90 days	26,004	19,553	6,451
405,840	38,076	367,764	Total	619,203	35,723	537,322

The expected credit loss rates for receivables at 30 June 2025 are based on the payment profile of revenue on credit over the prior one year at the measurement date. The corresponding historical credit losses experienced for that period are adjusted for current and forward-looking macroeconomic conditions in place at balance date. Receivables have been assessed on a collective basis as they possess shared credit risk characteristics, except for the significant debtors (with a customer total debt owing of over \$10k) whose recovery rate has been assessed individually. The receivables have been grouped on the days past due.

The allowance for credit losses at 30 June 2025 was determined as follows:

30 June 2025	Receivable days past due					Total
	Current	More than 30 days	More than 60 days	More than 90 days	More than 180 days	
Expected credit loss rate	0.58%	52.03%	59.99%	67.75%	75.19%	5.77%
Gross carrying amount (\$000)	572,211	6,431	4,481	10,076	26,004	619,203
Lifetime expected credit loss (\$000)	3,310	3,346	2,688	6,826	19,553	35,723

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

	Actual increase \$000	10% increase \$000	15% increase \$000	20% increase \$000	30% increase \$000
Not past due	3,310	3,619	3,773	3,927	4,236
Past due 1–30 Days	3,346	3,644	3,794	3,943	4,241
Past due 31–60 days	2,688	2,896	3,000	3,104	3,312
Past due 61–90 days	6,826	7,203	7,350	7,350	7,350
Past due over 90 days	19,553	19,553	19,553	19,553	19,553
Total	35,723	36,915	37,470	37,877	38,692
Movement		1,192	1,746	2,154	2,969
Percentage of movement		3%	5%	6%	8%

¹² Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

Note 6: Investment in Joint Ventures

Actual 2024 \$000		Actual 2025 \$000
20,373	Joint venture airports	27,275
1,764,291	City Rail Link Limited	1,905,480
1,784,664	Total investment in joint ventures	1,932,755

Joint Venture Airports

Actual 2024 \$000		Actual 2025 \$000
(890)	Gains/(losses) generated by joint ventures	4,490
(890)	Share of net asset increase/(decrease) in joint ventures	4,490
4,510	Capital payments made during the year	2,412
3,620	Total change in investment value	6,902

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

The Crown has a 50% interest in each airport (Taupō, Whanganui, Westport, Whakatāne, Whangārei), with the other 50% held by the local council. The Crown has a commitment to 50% of operating losses and 50% of capital expenses once jointly approved. The value of the investment at 30 June 2025 is based on the annual financial statements of each airport for the year ended 30 June 2024, plus capital contributions from the Crown during the year ended 30 June 2025.

City Rail Link Limited

Actual 2024 \$000		Actual 2025 \$000
(21,960)	Gains/(losses) generated by joint ventures	(77,812)
(21,960)	Share of net asset increase/(decrease) in joint ventures	(77,812)
325,500	Capital payments made during the year	219,001
303,540	Total change in investment value	141,189

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

For the year ended 30 June 2025, CRL recognised revenue of \$4 million (2024: \$7 million), a deficit of \$156 million (2024: \$42 million), assets of \$3,861 million (2024: \$3,586 million), liabilities of \$51 million (2024: \$58 million) and equity of \$3,810 million (2024: \$3,528 million).

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The project with a work-in-progress balance amounting to \$3.68 million (2024: \$3.39 million) is expected to be completed in 2025/26, with the assets likely to be transferred to the Crown (via KiwiRail Holdings Limited) and Auckland Council (via Auckland Transport). Upon completion, most of the Crown's investment in CRLI will be derecognised. CRLI still has roles and responsibilities beyond practical completion until it is wound down after the defect liability period. A new appropriation, City Rail Link Limited – Final Asset Transfer, was established through Budget 2025 to fund the Crown's share of losses of up to \$824 million.

The Government's share of CRLI commitments excluding claims is \$137 million (2024: \$300 million). The decrease in commitments in 2025 is due to the completion of capital works during the year. There was no change in the amount of funding provided by the Government in the 2024/25 financial year.

Note 7: Investment in the Northern Gateway Toll Road

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

It was agreed a notional account would be kept of the 'cost' of the project, with an estimated interest rate charged on the contribution. The interest charge is calculated daily, based on the outstanding balance, plus interest, less tolling revenue received. The interest rate used is 3.55% – the weighted average cost of the Treasury's nominal bonds outstanding as at 30 June 2025, which includes 15 basis points for administration costs (2024: 3.09%). This rate will be reviewed annually.

Since the commencement of the project

Actual 2024 \$000		Actual 2025 \$000
158,000	Funding provided for construction	158,000
168,040	Notional interest charged since funding first drawn	174,585
(139,925)	Tolling revenue since February 2009	(154,088)
186,115	Balance at 30 June	178,497

Current Year

Actual 2024 \$000		Actual 2025 \$000
199,221	Balance at 1 July	186,115
620	Notional interest charge for the year	6,545
(13,726)	Tolling revenue for the year	(14,163)
186,115	Balance at 30 June	178,497

Note 8: Payables

Accounting policy

Short-term payables are recorded at the amount payable.

Actual 2024 \$000 Restated ¹²		Actual 2025 \$000
715,123	National Land Transport Fund revenue and output funding payable to New Zealand Transport Agency	1,105,601
-	Clean Vehicle Standard Charges	63,756
51,476	Output funding payable to KiwiRail	29,285
21,818	GST payable	24,051
77,233	Motor vehicle registration third party collections	16,210
2,646	Road user charges refunds	4,184
250	Output funding payable to Maritime New Zealand	1,283
230	Output funding payable to City Rail Link Limited	309
-	Output funding payable to Airways New Zealand	58
2,377	Output funding payable to other parties	2,379
1,126	Payable to Crown	-
872,279	Total payables	1,247,116

Note 9: Financial Instruments

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

Actual 2024 \$000		Actual 2025 \$000
Financial assets at amortised cost		
46,294	Cash and cash equivalents	622,863
295,543	Receivables	494,675
341,837	Total financial assets at amortised cost	1,117,538
Financial liabilities measured at amortised cost		
769,456	Payables	1,138,915
769,456	Total financial liabilities measured at amortised cost	1,138,915

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

Funds must be deposited with Westpac, a registered bank.

The maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than cash held amounting to \$622,863 in Westpac, there are no significant concentrations of credit risk.

¹² Restated per PBE IPSAS 3.27 in relation to change in accounting policy disclosed in Note 1.

ANNUAL FINANCIAL STATEMENTS**Note 10: Explanation of Major Variances against Budget**

Explanations for major variances from the Ministry's non-departmental 2024/25 budget figures are as follows:

Schedule of non-departmental revenue and receipts

Total revenue and receipts were \$193 million lower than originally budgeted mainly due to road user charges (RUC) revenue being \$64 million lower than budgeted. This was mainly due to less revenue from light vehicle RUC as a result of economic activity varying from what had been expected. Revenue from Clean Car Standard Charges was also \$77 million lower than budgeted due to changes in accounting treatment.

There was also the recognition of the Crown's share of City Rail Link Limited's losses of \$78 million, which was not budgeted for. The losses made by City Rail Link Limited primarily relate to vesting of assets associated with the City Rail Link project to Auckland Transport and KiwiRail. This was partially offset by dividend income received from Auckland Light Rail amounting to \$20 million.

Schedule of non-departmental expenses

Non-departmental expenses were \$443 million higher than originally budgeted. This is largely due to changes to transport initiatives or the phasing of spending agreed after Budget 2024. The following initiatives had increases in 2024/25;

- Additional funding for the Government Policy Statement on Land Transport 2024 (GPS 2024)
- COVID-19 – NLTF Operating Cost Pressure and Revenue Shortfall Funding to address the implications of COVID-19 on the National Land Transport Fund
- Lower North Island Rail Passenger Rail Network to provide funding for programme activities carried out by Greater Wellington Regional Council and Horizons Regional Council
- Additional funding for Rail – Maintenance and Renewal of the Rail Network (2024–2028) to provide for various rail activities.

The increases were partially offset by decreases, including:

- Council resourcing issues, complexity of projects and further emergency events for Local Road Recovery Costs
- The timing of project completion for Improving Resilience of the Roothing Network – Local Roads
- Clean Vehicle Standard – Issue of Credits as a result of a change in accounting treatment for the Clean Vehicle Standard Credits. This is purely a technical transaction.
- Return of funding following the wind-down of Auckland Light Rail.

Schedule of non-departmental assets

The Crown's investment in joint ventures was \$195 million lower than budgeted. This was primarily due to \$78 million losses in 2024/25 (\$22 million in 2023/24) in City Rail Link Limited and capital payments being \$128 million lower than budgeted.

Receivables were \$483 million higher than originally budgeted. Receivables can fluctuate significantly depending on the timing of recognising expenditure by transport sector entities and the timing of payments by the Ministry. With payments made in the month before the expenditure recognition, this will create a Receivable.

Schedule of non-departmental liabilities

Non-departmental liabilities were \$431 million more than originally budgeted. Payables can fluctuate significantly depending on the timing of claims from transport sector entities and the timing of payments.

Note 11: Events after Balance Sheet Date

KiwiRail has requested an equity drawdown of \$91.29 million in July 2025 to fund capital projects. A share subscription and entitled persons' agreement was signed by the Minister for Rail on 26 June 2025 and the Minister of Finance on 2 July 2025.

Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation, or other authority administered by the Ministry for the year ended 30 June 2025

Annual and permanent appropriations for Vote Transport

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Approved appropriation** \$000	End-of year performance information location*
Departmental output expenses					
4,358	Search and Rescue Activity Coordination PLA	2,750	4,346	3,346	1
1,411	Search and Rescue Training and Training Coordination	1,358	1,458	1,458	1
53,998	Transport – Policy advice, ministerial servicing, governance, and other functions	46,900	55,943	52,548	1
59,767	Total departmental output expenses	51,008	61,747	57,352	
Departmental capital expenditure					
105	Ministry of Transport – Capital Expenditure PLA ****	262	250	250	1
105	Total departmental output expenses	262	250	250	
Non-departmental output expenses					
9,273	Accident or Incident Investigation and Reporting	8,725	8,725	8,725	2
40,238	Auckland Light Rail – Detailed Planning Phase MYA	-	9,883	-	11
3,375	Civil Aviation and Maritime Security Services	2,999	2,999	2,999	4
-	Civil Aviation Authority – Core Functions	76,272	88,970	84,970	4
-	Ground-Based Navigation Aids for Aviation Safety	50	400	400	6
4,001	Health and Safety at Work Activities – Civil Aviation	4,001	4,001	4,001	4
10,814	Health and Safety at Work Activities – Maritime	13,124	13,124	13,124	5
11,499	Maritime Regulatory and Response Services	10,899	10,699	10,899	5

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2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Approved appropriation** \$000	End-of year performance information location*
3,167,661	National Land Transport Programme PLA***	3,933,916	3,363,696	3,871,330	3
31,350	Waka Kotahi Regulatory Functions PLA	40,232	41,770	41,770	3
7,043	Land Transport Regulatory Services	5,820	8,980	7,110	3
4,192	Public Transport Bus Decarbonisation MYA	3,788	15,195	4,303	3
42,814	Rail – Grants MYA	9,141	13,834	12,072	6,7
610,389	Rail – Maintenance and Renewal of the Rail Network MYA	-	555,235	-	6,7
-	Rail – Maintenance and Renewal of the Rail Network (2024–2028) MYA	742,695	153,300	800,209	6,7
15,589	Retaining and Recruiting Bus Drivers MYA	15,032	20,500	24,188	3
7,595	Road User Charges Investigation and Enforcement	7,473	3,779	7,479	3
3,010	Road User Charges Refunds	2,032	3,012	3,012	3
31,537	Search and Rescue and Recreational Boating Safety Activities PLA	34,108	30,146	35,966	6
27,202	Weather Forecasts and Warnings	28,799	28,799	28,799	6
12,571	Clean Car Standard – Operation	-	-	-	3
4,911	Clean Vehicle Discount Administration Costs PLA	-	-	-	3
17,400	Cyclone Gabrielle-NLTF Opex Pressure Funding	-	-	-	3
60,673	National Land Transport Programme Additional Crown Funding (2021–2024) MYA	-	-	-	3
89,188	Protection of Transport Sector Agency Core Functions MYA	-	-	-	4,5
4,212,325	Total non-departmental output expenses	4,939,107	4,377,047	4,961,356	
	Non-departmental other expenses				
3,819	Auckland City Rail Link – Operating MYA	4,064	9,370	4,663	6,7
1,212	Auckland City Rail Link Targeted Hardship Fund MYA	825	1,808	1,993	9
139,905	Clean Vehicle Standard – Issue of Credits	63,257	150,000	115,000	3
76,736	Eastern Busway Project	84,418	84,418	84,418	3
-	Emergency Ocean Response Capability	824	-	1,590	5
-	Lower North Island Rail Passenger Rail Network MYA	1,032	-	30,400	1

ANNUAL FINANCIAL STATEMENTS

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Approved appropriation** \$000	End-of year performance information location*
895	Membership of International Organisations	980	863	1,003	8
18,929	Bad Debt Provision – Land Transport Revenue collected by Waka Kotahi New Zealand Transport Agency	20,771	18,000	36,000	3
274	Recreational Aviation Safety Activities PLA	150	200	200	6
-	Search and Rescue and related Frontline Safety and Prevention Services	22,104	-	30,728	6
4,329	Supporting a Chatham Islands Replacement Ship	779	-	2,943	6
-	Transport Connectivity with Isolated Communities	57	-	57	6
15,145	Water Search, Rescue and Safety Frontline Services	14,408	28,816	14,408	6
98,426	Clean Vehicle Discount Rebates PLA	-	-	-	12
55,893	Clean Vehicle Discount Scheme – Rebates MYA	-	-	-	12
415,563	Total non-departmental other expenses	213,669	293,475	323,403	
	Non-departmental capital expenditure				
325,500	Auckland City Rail Link MYA	-	44,000	-	9
-	Auckland City Rail Link – Capital (2024–2028) MYA	219,000	303,000	241,500	9
-	Auckland Light Rail Limited – Capital injection	-	52	-	11
606,139	Capital Investment Package – Funding for Crown assets MYA	739,347	865,730	836,480	3
19,707	Civil Aviation Authority – Capital Injection MYA	11,825	22,500	25,301	4
-	Government Policy Statement on Land Transport – Capital Grant (2024–2028) MYA	1,186,000	-	1,406,893	3
-	Government Policy Statement on Land Transport Loan (2024–2028) MYA	460,000	-	620,000	3
21,500	Housing Infrastructure Fund Loans 2023–2028 MYA	38,500	50,000	131,450	3
4,510	Joint Venture Airports – Crown Contribution 2023–2028 MYA	2,413	4,151	4,997	6
60	Maritime New Zealand Capital Expenditure PLA	5,805	105	5,805	5

ANNUAL FINANCIAL STATEMENTS

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Approved appropriation** \$000	End-of year performance information location*
67,058	National Land Transport Programme Capital PLA***	29,388	247,098	-	3
250,000	NLTF Borrowing Facility for Short-Term Advances	-	750,000	750,000	3
28,100	Ngauranga to Petone Shared Pathway Project	23,600	22,600	25,100	3
-	North Island Weather Events – State Highway Recovery MYA	239,090	295,600	409,216	3
2,091	Rail – KiwiRail Equity Injection	8	4,000	7,316	6,7
641,381	Rail – KiwiRail Holdings Limited	378,380	685,517	378,482	6,7
29,922	Rail – New Zealand Railways Corporation Equity Injection MYA	-	-	-	6,7,10
-	Rail – New Zealand Railways Corporation Equity Injection 2024–2029 MYA	13,870	51,000	91,682	6,7,10
12,705	Regional State Highways MYA	899	3,000	899	3
33,000	Auckland Light Rail Strategic Land Acquisition MYA	-	-	-	11
1,511	Clean Car Standard – Capital	-	-	-	3
300	Maritime New Zealand – Capital Injection	-	-	-	5
1,500,000	National Land Transport Programme Loan 2021 – 2024 MYA	-	-	-	3
500	Transport Accident Investigation Commission – Capital Injection	-	-	-	2
3,543,984	Total non-departmental capital expenditure	3,348,125	3,348,353	4,935,121	
	Multi category appropriations (MCA)				
26,304	Tuawhenua Provincial Growth Fund – Transport Projects MCA	12,246	20,830	12,247	1,3,7
	Non-departmental output expenses				
459	Supporting Regional and Infrastructure Projects	121	200	191	
	Non-departmental other expenses				
(2,758)	Enabling Infrastructure Projects	1,603	2,000	2,000	
	Non-departmental capital expenditure				
25,119	Infrastructure Projects	9,860	8,000	9,394	
3,484	Rail Projects	662	10,630	662	

ANNUAL FINANCIAL STATEMENTS

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Approved appropriation** \$000	End-of year performance information location*
18,680	COVID-19 – NLTF Funding for Cost Pressures and Revenue Shocks MCA	138,290	1,000	138,300	3
	Non-departmental output expenses				
18,680	COVID-19 – NLTF Operating Cost Pressure and Revenue Shortfall Funding	62,491	990	138,290	
	Non-departmental capital expenditure				
-	COVID-19 – NLTF Capital Cost Pressure Funding	75,799	10	10	
37,511	SuperGold Card Enhanced Public Transport Concessions Scheme MCA	40,642	38,906	40,814	3
	Non-departmental output expenses				
95	Administration of the Public Transport Concessions Scheme	95	95	95	
	Non-departmental other expenses				
37,416	Public Transport Concessions for Cardholders	40,547	38,811	40,719	
-	Capital Investment Package – Operating MCA	15,208	-	32,790	3
	Non-departmental output expenses				
-	Operating costs	(1,695)	-	10	
	Non-departmental other expenses				
-	Third party projects	16,903	-	32,780	
68,016	Community Connect Programme MCA	31,330	36,543	36,543	3
	Non-departmental output expenses				
1,638	Administration of the Community Connect Programme	645	208	208	
	Non-departmental other expenses				
53,098	Community Connect Programme – Public Transport Concessions	10,422	24,335	12,000	
1,144	Total Mobility Scheme Local Share Funding Shortfall	-	-	-	
12,136	Total Mobility Services Concessions	20,263	12,000	24,335	

ANNUAL FINANCIAL STATEMENTS

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Approved appropriation** \$000	End-of year performance information location*
109,226	Mode-Shift – Planning, Infrastructure, Services, and Activities MCA	34,715	54,800	38,574	3
	Non-departmental output expenses				
6,756	Mode-Shift – Operating Costs	344	2,000	2,000	
	Non-departmental other expenses				
102,470	Mode-Shift – Third-Party Projects and Activities	34,371	52,800	36,574	
15,892	Improving Resilience of the Roding Network MCA	38,697	93,300	88,408	3
	Non-departmental output expenses				
-	Improving Resilience of the Roding Network – Operating Costs	970	1,300	1,300	
	Non-departmental other expenses				
-	Improving Resilience of the Roding Network – Local Roads	9,712	38,500	26,000	
	Non-departmental capital expenditure				
15,892	Improving Resilience of the Roding Network – State Highways	28,015	53,500	61,108	
947,860	North Island Weather Events – Road Response and Reinstatement MCA	195,401	457,000	273,223	3
	Non-departmental output expenses				
91,551	Local Road Recovery Costs	168,108	280,000	239,800	
202,991	Local Road Response Costs	23,266	-	23,300	
-	State Highway Recovery Costs – Operating	-	42,000	-	
	Non-departmental capital expenditure				
79,000	Equity Injection to Waka Kotahi NZTA	-	-	-	
35,877	Minor Resilience Works	4,027	-	10,123	
538,441	State Highway Recovery Costs – Capital	-	135,000	-	

ANNUAL FINANCIAL STATEMENTS

2024 Actual \$000		2025 Actual \$000	2025 Budget \$000	2025 Approved appropriation** \$000	End-of year performance information location*
830	Reinstatement of the South Island Transport Corridors MCA	-	-	-	3
	Non-departmental output expenses				
830	Restoration of State Highway 1 between Picton and Christchurch	-	-	-	
1,224,319	Total multi category appropriations	506,529	702,379	660,899	
9,456,063	Total annual and permanent appropriations	9,058,699	8,783,251	10,938,381	

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

1. The Ministry's annual report
2. The Transport Accident Investigation Commission's annual report
3. NZ Transport Agency's annual report
4. Civil Aviation Authority's annual report
5. Maritime New Zealand's annual report
6. To be reported by the Minister of Transport in a report appended to this annual report
7. KiwiRail's annual report
8. Not reported, as an exemption exists under section 15D of the Public Finance Act 1989
9. City Rail Link Limited's annual report
10. New Zealand Railways Corporation's annual report
11. Auckland Light Rail Limited's annual report
12. Not reported as there is no spend in 2024/25

** These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the PFA.

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

**** This appropriation is a PLA that is limited to the purchase or development of assets by and for the use of the Ministry of Transport, as authorised by section 24(1) of the Public Finance Act 1989. The appropriation size in the Estimates is indicative only.

ANNUAL FINANCIAL STATEMENTS

Details of multi-year appropriations

	Commences	Expires	Appropriation at 1 July 2024 \$000
Auckland City Rail Link MYA	1 July 2020	30 June 2025	1,616,500
Auckland City Rail Link – Capital (2024–2028)	1 July 2024	30 June 2028	636,647
Auckland City Rail Link – Operating MYA	1 July 2020	30 June 2025	19,080
Auckland City Rail Link Targeted Hardship Fund MYA	1 July 2021	30 June 2025	6,000
Auckland Light Rail – Detailed Planning Phase MYA	1 October 2022	30 June 2025	123,023
Auckland Light Rail Strategic Land Acquisition MYA	12 December 2022	30 June 2026	33,000
Auckland Light Rail Unit MYA	1 May 2022	30 June 2025	7,442
Capital Investment Package – Funding for Crown Assets MYA	1 July 2022	30 June 2027	5,446,600
Civil Aviation Authority – Capital Injection MYA	1 July 2021	30 June 2026	113,219
Clean Car Discount – Administration MYA	1 July 2021	30 June 2026	110,828
Clean Vehicle Discount Scheme – Rebates MYA	1 July 2022	30 June 2027	227,172
Coastal Shipping Resilience Fund	01 July 2024	30 June 2028	30,000
Government Policy Statement on Land Transport – Capital Grant (2024–2028)	1 July 2024	30 June 2028	3,456,000
Government Policy Statement on Land Transport Loan (2024–2028)	1 July 2024	30 June 2028	3,080,000
Housing Infrastructure Fund Loans 2023–2028 MYA	1 July 2023	30 June 2028	304,450
Joint Venture Airports – Crown Contribution 2023–2028 MYA	1 July 2023	30 June 2028	12,207
Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant	1 July 2024	30 June 2029	283,000
National Land Transport Programme Additional Crown Funding (2021–2024) MYA	11 April 2023	30 June 2025	200,673
National Land Transport Programme Loan 2021 – 2024 MYA	1 December 2021	30 June 2025	2,000,000
North Island Weather Events – State Highway Recovery	1 July 2024	30 June 2028	451,850
Public Transport Bus Decarbonisation MYA	1 July 2022	30 June 2027	52,340
Rail – Grants MYA	1 July 2022	30 June 2027	111,246
Rail – Maintenance and Renewal of the Rail Network MYA	1 July 2022	30 June 2025	1,641,971
Rail – Maintenance and Renewal of the Rail Network (2024–2028)	1 July 2024	30 June 2028	604,824
Rail – New Zealand Railways Corporation Equity Injection 2024–2029 MYA	1 July 2024	30 June 2029	111,000
Regional State Highways MYA	1 July 2020	30 June 2025	115,953
Retaining and Recruiting Bus Drivers MYA	1 September 2022	30 June 2027	63,210
			20,858,235

ANNUAL FINANCIAL STATEMENTS

Increase/ (decrease) in funding \$000	Total funding \$000	Cumulative expenses to 1 July 2024 \$000	Current year expenses \$000	Cumulative expenses to 30 June 2025 \$000	Balance of appropriation remaining at 30 June 2025 \$000
(13,500)	1,603,000	1,603,000	-	1,603,000	-
13,500	650,147	-	219,000	219,000	431,147
(4,630)	14,450	9,787	4,064	13,851	599
-	6,000	4,007	825	4,832	1,168
(6,023)	117,000	117,000	-	117,000	-
-	33,000	33,000	-	33,000	-
-	7,442	7,442	-	7,442	-
(3,526,101)	1,920,499	1,084,019	739,347	1,823,366	97,133
(44,000)	69,219	43,918	11,825	55,743	13,476
-	110,828	110,828	-	110,828	-
(4,116)	223,056	223,056	-	223,056	-
-	30,000	-	-	-	30,000
-	3,456,000	-	1,186,000	1,186,000	2,270,000
-	3,080,000	-	460,000	460,000	2,620,000
-	304,450	21,500	38,500	60,000	244,450
(2,700)	9,507	4,510	2,413	6,923	2,584
-	283,000	-	1,032	1,032	281,968
-	200,673	200,673	-	200,673	-
-	2,000,000	2,000,000	-	2,000,000	-
75,958	527,808	-	239,090	239,090	288,718
(29,296)	23,044	4,721	3,788	8,509	14,535
-	111,246	73,439	9,141	82,580	28,666
(576,126)	1,065,845	1,065,845	-	1,065,845	-
1,136,024	1,740,848	-	742,695	742,695	998,153
40,682	151,682	-	13,870	13,870	137,812
(1,394)	114,559	113,660	899	114,559	-
-	63,210	18,522	15,032	33,554	29,656
(2,941,722)	17,916,513	6,738,927	3,687,521	10,426,448	7,490,065

ANNUAL FINANCIAL STATEMENTS

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

For the year ended 30 June 2025

Vote Transport	Actual 2025 \$000	Appropriation Voted 2025 \$000	Unappropriated 2025 \$000
Non-Departmental Other Expenses			
Transport Connectivity with Isolated Communities	57	57	–*

* The unappropriated expenditure amounted to \$406.

Expenses incurred without appropriation

Transport Connectivity with Isolated Communities

This expenditure relates to the costs to ensure transport services that are critical for isolated communities continue to operate.

As part of the Ministry’s Vote restructure, two appropriations related to the Chatham Islands were consolidated into a single, broader appropriation from 2025/26. In 2024/25, uncommitted funding from the Transport Connectivity with Isolated Communities appropriation was transferred to the Supporting Resilient Shipping to the Chatham Islands appropriation.

As a result of an administrative error, the remaining balance in the original appropriation was lower than the actual expenditure already incurred. This resulted in unappropriated expenditure.

Statement of Departmental Capital Injections

For the year ended 30 June 2025

The Ministry has not received any capital injections during the year (2024: \$Nil).

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

For the year ended 30 June 2025

The Ministry has not received any capital injections during the year without, or in excess of, authority (2024: \$Nil).

Section 06

Appendix 1: Additional information on the Ministry's long-term outcomes

ADDITIONAL INFORMATION ON THE MINISTRY'S LONG-TERM OUTCOMES

The Ministry's long-term outcomes, our work to support them and how they have performed over time

An important part of the Ministry's work is to develop an increasingly deep understanding of how the transport system is performing. We want our work to improve the transport system for the long term and we look at transport system performance through our:

- Long-term outcomes¹³
- Strategic Intentions¹⁴ (see pages 12 – 17 for reporting information for our Strategic Intentions)
- Transport Networks Performance reporting¹⁵.

Our long-term outcomes

The Ministry's annual work programmes contribute to changed performance in our five long-term outcome areas¹⁶. Our long-term outcomes are:

- Economic Prosperity
- Environmental Sustainability
- Healthy and Safe People
- Inclusive Access
- Resilience and Security.

The Ministry has performance measures in place for four of our five long-term outcomes. Appropriate data is not available to enable quantitative measurement of our Resilience and Security outcome.

Performance against the four outcomes that we measure has either shown some improvement or declined over the last ten years.

Compared to 2014:

- there were improvements across our measures for the Economic Prosperity and Inclusive Access outcomes

- performance was mixed for our Healthy and Safe People outcome with fewer deaths but more serious injuries (positively, more people survived their serious injuries)
- performance declined for the Environmental Sustainability outcome, with an increase in emissions levels (although emissions levels are lower than the 2018 peak).

For our Resilience and Security outcome, the frequency and scale of extreme weather events continue to impact the resilience of the transport system.

It is important to understand the context for the above performance results. For some measures, performance has fluctuated over the 2014–2024 period and COVID-19 also impacted performance during that time. Additionally, some of the measures do not take account of population growth and so the transport system may have performed better on a per capita or other basis, even if the reported result shows a decline in performance.

The above results do not mean that our work has not had a positive impact on our long-term outcomes. Our work generally impacts on transport system performance in the years after a policy initiative has been completed (when it has been implemented, and transport users adapt to the changed operating environment). Transport is a large and complex system with many factors influencing performance from year to year and over time. So while our work may have led to an improvement in performance, the level of improvement may have been offset by other factors.

13, 14, 16 Ministry of Transport Strategic Intentions 2024–2028
https://www.transport.govt.nz/assets/Uploads/MOT-5487-Strategic-Intentions-20242028_FA.pdf.
 15 <https://www.transport.govt.nz/statistics-and-insights/transport-network-performance>

Long-term outcome: Economic Prosperity

Our advice to Government supports economic prosperity in a number of ways, including improving the efficiency of the transport system, funding new and improved transport connections within and between regions, reducing unnecessary costs from the transport system, and promoting greater resilience within the transport system.

The performance trend

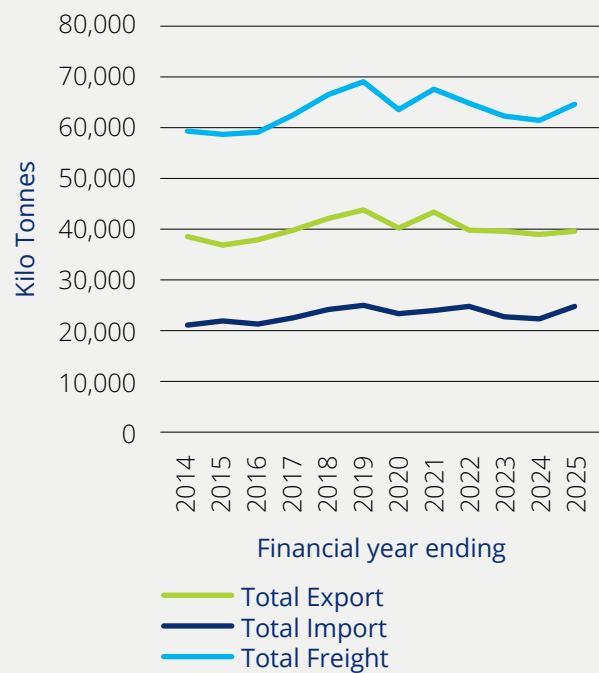
We use freight export and import data to broadly understand the current state of our economic prosperity outcome.

There has been a 9% increase in total freight (import/export) movements from 2014 – 2025. Freight movements have fluctuated over this period, with 2019/20 showing the highest growth of 16% compared to 2014. This change in demand is consistent with broader economic trends here and overseas.

Our 2024/25 work

This year, our work to improve economic prosperity included advice on the road user charges transition, new revenue tools, modernising the aviation system, Coastal Shipping Resilience Fund, Rail Network Investment Programme and supporting the successful implementation of the Government Policy Statement on land transport 2024 (GPS 2024).

Figure 2: Freight export/import movements¹⁷



ADDITIONAL INFORMATION ON THE MINISTRY'S LONG-TERM OUTCOMES

Long-term outcome: Environmental Sustainability

Our advice to Government supports environmental sustainability in a number of ways, including regulatory changes to reduce transport system emissions and improving the availability of transport choices for users.

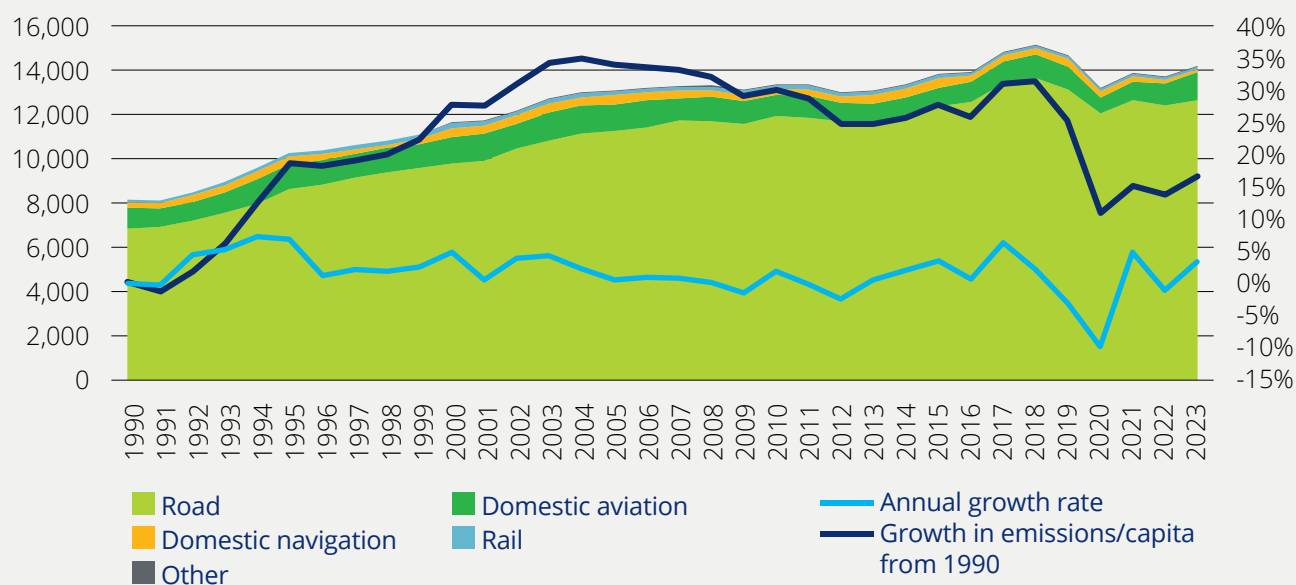
The performance trend

We use gross domestic transport carbon emissions to understand the current state of our Environmental Sustainability outcome. The data for this measure is provided with a lag, as we report on performance up to the year prior to the current reporting year. For the 2023 calendar year there was:

- an increase in the annual growth rate in domestic transport greenhouse gas emissions compared to 2014
- a 6% increase in domestic transport emissions compared to 2014 (from 13,326 to 14,155 of CO₂-e), although levels are lower than the 2018 peak.

We note that domestic transport emissions are covered by the NZ ETS, which means all emissions are offset by emissions credits (NZUs).

Figure 3: Carbon dioxide equivalent emissions (kt of CO₂-e) from domestic transport



Note: New Zealand's Greenhouse Gas Inventory is the official annual report of all anthropogenic emissions and removals of greenhouse gases (GHGs) in New Zealand. It is compiled by the Ministry for the Environment and this graph is a summary of the transport data that the Ministry has extracted from the Greenhouse Gas Inventory. There is a level of inherent uncertainty in reporting greenhouse gas emissions. The scientific knowledge and methodologies to determine emissions factors and the processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards. The full disclosure on the New Zealand's greenhouse gas emissions, including inventory uncertainties, methodologies and assumptions used in the calculation, are included in New Zealand's latest inventory report: New Zealand's Greenhouse Gas Inventory 1990–2023 | Ministry for the Environment. Emissions estimates across the entire time series are, at certain points in time, recalculated due to improvements introduced to the inventory.

Our 2024/25 work

This year, our work to improve environmental sustainability included supporting the Second Emissions Reduction Plan, advice on the Review of the Clean Car Importer Standard, EV charging infrastructure, and Green Shipping.

Long-term outcome: Healthy and Safe People

Our advice to Government supports the Healthy and Safe People outcome in a number of ways, including advice on strategy that provides leadership for a safer transport system, regulatory changes that improve safety and reduce harmful pollutants, promotion of transport choices for users and funding for new initiatives.

The performance trend

We use transport deaths and serious injuries, and walking and cycling data to understand the current state of our Healthy and Safe People outcome. The trends are:

- the total number of deaths decreased from 340 to 321 between 2014 and 2024
- the total number of serious injuries increased from 2,176 to 2,521 between 2014 and 2024 (positively, more people are surviving serious injuries)
- more people are travelling by walking and cycling in the last several years – from 14.5% during 2018/19 – 2020/21 to 16.2% during 2021/22 – 2023/24.

Our 2024/25 work

This year, our work to promote healthy and safe people included developing new road safety objectives, targets for road policing, reviewing the graduated driver licensing system, initiating vehicle regulatory reform and legislative changes for a new oral fluid testing regime as a roadside screening tool.

Figure 4: Deaths and serious injuries by all transport modes¹⁸

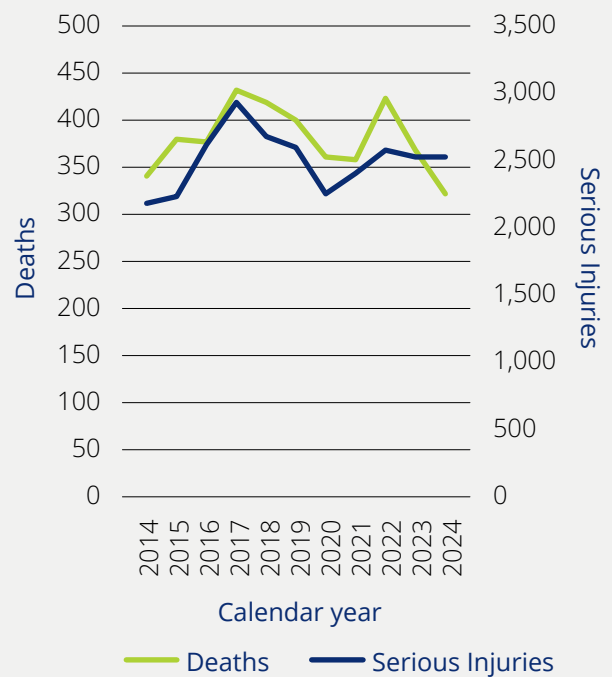
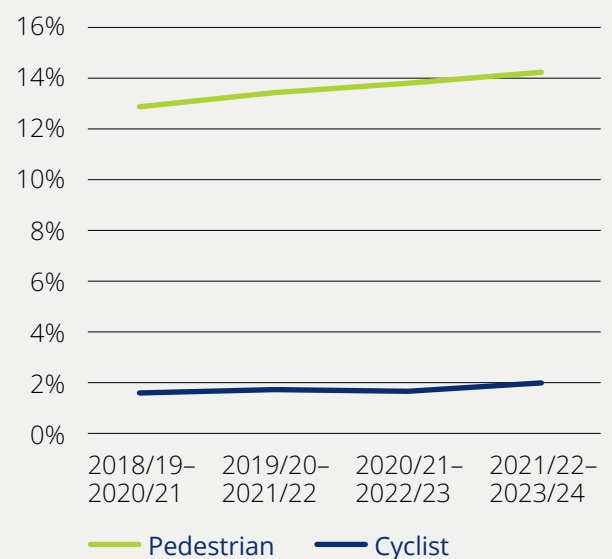


Figure 5: Mode share (%) of all trips in all major urban areas in New Zealand¹⁹



¹⁸ Data source: Civil Aviation Authority, Maritime New Zealand and New Zealand Transport Agency

¹⁹ Data source: Ministry of Transport

ADDITIONAL INFORMATION ON THE MINISTRY’S LONG-TERM OUTCOMES

Long-term outcome: Inclusive Access

Our advice to Government supports inclusive access in a number of ways, including providing funding to enhance transport choices, improving the efficiency of the regulatory system, consideration of new services and improving equity.

The performance trend

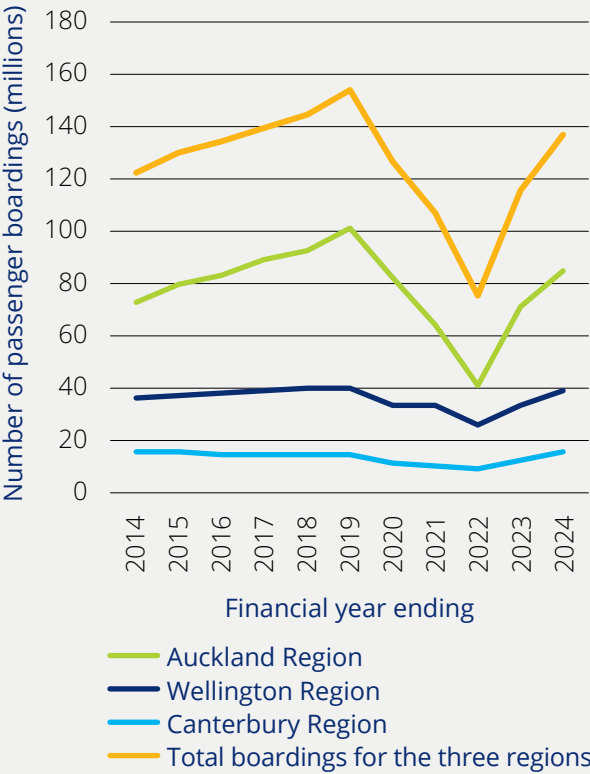
We use public transport boardings data to understand the current state of our Inclusive Access outcome.

For the 2014 to 2024 financial years, public transport boardings increased by 12%. The lowest level of boardings occurred in 2022, with significant growth since then. There has been a strong recovery in the Auckland region since the COVID-19 pandemic, but boardings are yet to reach 2019 levels.

Our 2024/25 work

This year, our work to improve inclusive access included the ongoing Review of the Total Mobility scheme, monitoring and assurance work on the Auckland City Rail link.

Figure 6: Public transport boardings²⁰



20 Data source: New Zealand Transport Agency

Long-term outcome: Resilience and Security

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

As mentioned earlier, we do not have a performance measure for this outcome as no data is available to appropriately measure transport system resilience and security. However, we consider that the frequency and scale of extreme weather events continue to impact the reliability of the transport system and the connectivity of local communities.

The Ministry is the system lead for transport resilience and security. Beyond its response role, the Ministry undertakes a range of actions and work to better understand security-related threats to the transport system, and to develop appropriate mitigations.

We continue to be a central coordinating point for the transport sector to ensure it remains resilient to an increasing range of threats and hazards.

Work we are doing to support and advance this outcome include:

Supporting reform of emergency management legislation – we are working collaboratively across Government and with our transport partners to minimise and manage the risks from natural and human-made hazards, by ensuring that resilience and security as a transport outcome are further embedded into emergency management.

Ensuring that New Zealand is well positioned to deliver its strategic transport priorities in the Pacific by:

- assisting and connecting New Zealand agencies (both public and private) on Pacific transport issues to develop their understanding of these issues – including geo-economic and geostrategic issues such as port and airline ownership composition; maritime and aviation infrastructure

- engaging with Pacific transport officials – seeking to shape how Pacific countries think (and act) on sensitive transport decisions, responding to Pacific transport requests (including on training, strategy and policy development, etc.).

Emergency Ocean Response Capability – securing the provision of a towing vessel for the Cook Strait on an interim basis while further exploring the procurement of a permanent solution on a predominately user pays basis.

Aviation security operational efficiency – this work focuses on enhancing the way we currently deliver aviation security services, to ensure we have an effective system that meets our international obligations, while also striking the right balance between security, efficiency and customer experience.

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



Independent Auditor's Report

Independent Auditor's Report

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

for the year ended 30 June 2025

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

- The annual financial statements of the Ministry that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 54 to 75.
- The end-of-year performance information for appropriations of the Ministry for the year ended 30 June 2025 on pages 10 to 17 and 23 to 39.
- The statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2025 on pages 87 to 96.
- The schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 76 to 86 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2025;
 - the schedules of expenses; and revenue for the year ended 30 June 2025; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- The annual financial statements of the Ministry:
 - fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with each appropriation; determined in accordance with generally accepted accounting practice in New Zealand; and
 - fairly presents, in all material respects:
 - what has been achieved with each appropriation; and
 - the actual expenses or capital expenditure incurred in relation to each appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards.
- The statements of expenses and capital expenditure have been prepared, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- The schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown have been prepared, in all material respects, in accordance with the Treasury Instructions. The schedules comprise:
 - the assets, liabilities, commitments, and contingent liabilities and assets as at 30 June 2025; and
 - expenses, and revenue for the year ended 30 June 2025.

Our audit was completed on 30 September 2025. This is the date at which our opinion is expressed.

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

Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Ministry has chosen to include a measure of the domestic transport sector's greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 24 to 25 and 100 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report. We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

- Annual financial statements that fairly present the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- End-of-year performance information for appropriations that:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with each appropriation; determined in accordance with generally accepted accounting practice in New Zealand;
 - fairly presents what has been achieved with each appropriation;
 - fairly presents the actual expenses or capital expenditure incurred in relation to each appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand.
- Statements of expenses and capital expenditure of the Ministry, that are prepared in accordance with section 45A of the Public Finance Act 1989.
- Schedules of non-departmental activities, prepared in accordance with the Treasury Instructions, of the activities managed by the Ministry on behalf of the Crown.

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

In preparing the information to be audited, the Secretary for Transport is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern.

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

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Estimates and/or Supplementary Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2025. For the forecast financial information for the year ending 30 June 2026, our procedures were limited to checking to the best estimate financial forecast information based on the Budget Economic Fiscal Update for the year ending 30 June 2026.

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

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

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Transport.
- We evaluate whether the end-of-year performance information for appropriations:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with each appropriation. We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - fairly presents what has been achieved with each appropriation.
- We evaluate whether the statements of expenses and capital expenditure, and schedules of non-departmental activities have been prepared in accordance with legislative requirements.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Secretary for Transport.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Other information

The Secretary for Transport is responsible for the other information. The other information comprises all of the information included in the annual report other than the information we audited and our auditor's report thereon.

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

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Independence

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

For the year ended 30 June 2025 and subsequently, an External member of the Audit and Risk Committee of the Ministry is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Ministry.

Other than the audit, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with, or interests in, the Ministry.

**Ingrid Harris**

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Reports on additional non-departmental appropriations

1. Report from the Minister of Transport
2. Report from the Acting Minister of Transport

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Minister of Transport Report on additional non-departmental appropriations

For the year ended 30 June 2025

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

Foreword

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

Non-departmental output expenses:

- Rail – Grants
- Rail – Maintenance and Renewal of the Rail Network
- Rail – Maintenance and Renewal of the Rail Network (2024–2028)
- Search and Rescue and Recreational Boating Safety Activities PLA
- Weather Forecasts and Warnings

Non-departmental other expenses:

- Auckland City Rail Link – Operating
- Clean Vehicle Discount Scheme – Rebates
- Coastal Shipping Resilience Fund
- Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant
- Search and Rescue and related Frontline Safety and Prevention Services
- Supporting a Chatham Islands Replacement Ship
- Transport Connectivity with Isolated Communities
- Water Search, Rescue and Safety Frontline Services

Non-departmental capital expenditure:

- Rail – KiwiRail Equity Injection
- Rail – KiwiRail Holdings Limited
- Rail – New Zealand Railways Corporation Equity Injection 2024–2029

This report has been appended to the annual report of the Ministry of Transport for publication.



Hon Chris Bishop
Minister of Transport

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Non-departmental output expenses

Rail – Grants

This appropriation intends to achieve social and environmental benefits from rail, including establishing a local wagon assembly plant in Dunedin to increase employment and youth opportunities and rebuild industry capability, support environment outcomes by maintaining the existing electric locomotive fleet, and improving community safety around railway lines and stations.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
42,814	Non-departmental output expenses: Rail – Grants MYA	9,141	13,834	12,072

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
100%	Work is carried out on establishing and operating a local wagon assembly plant in Dunedin in line with the agreed outcomes	100%	100%
Achieved	A safer railway system and public policy projects are carried out in line with the programme	Achieved	Achieved

Rail – Maintenance and Renewal of the Rail Network¹

This appropriation is intended to give effect to the Rail Network Investment Programme.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
610,389	Non-departmental output expenses: Rail – Maintenance and Renewal of the Rail Network MYA	-	555,235	-

Note 1: There was no expenditure under this appropriation in 2024/25. This appropriation was replaced with the new 'Rail – Maintenance and Renewal of the Rail Network (2024–2028)' MYA from 1 July 2024 and remaining funding transferred to this new appropriation in 2024/25. The Supplementary Estimates 2024/25 removed the performance measure for this appropriation.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Rail – Maintenance and Renewal of the Rail Network (2024–2028)

This appropriation is intended to give effect to the Rail Network Investment Programme.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
-	Non-departmental output expenses: Rail – Maintenance and Renewal of the Rail Network (2024/2028) MYA	742,695	153,300	800,209

Assessment of performance¹

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
New measure ¹	Work is carried out as per the agreed programme	93% of project delivery targets met ²	Project delivery targets are met

Note 1: The performance under this measure in the previous MYA ‘Rail – Maintenance and Renewal of the Rail Network’ in 2023/24 was 97%.

Note 2: Contributing factors to the rail network variance: The underspend is due to a reduction in Renewals from the reprioritisation work completed during the second half of the financial year. KiwiRail was requested to remove \$200m from the Rail Network Investment Programme (RNIP) 2 workbank at the end of the 2024 calendar year. A series of workshops were held early in the 2025 calendar year to remove the \$200m from the workbank. The RNIP 2.1 variation was submitted to the KiwiRail board for approval in March 2025 and resulted in reductions to the FY25, FY26 and FY27 workbanks.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Search and Rescue and Recreational Boating Safety Activities PLA

This appropriation is intended to achieve a sustained reduction in the identified systemic risks within the New Zealand search and rescue system to reduce the number of preventable search and rescue related fatalities in New Zealand.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
31,537	Non-departmental output expenses: Search and Rescue and Recreational Boating Safety Activities PLA	34,108	30,146	35,966

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
99%	Provision of appropriate Search and Rescue services to Coordination Authorities on request	95%	95%
93%	Provision of agreed Search and Rescue services	95%	95%
89%	Provision of agreed New Zealand avalanche hazard advisory services	100%	95%
New measure	The percentage of peak period duty shifts at the Rescue Coordination Centre New Zealand (RCCNZ) that have a qualified Watch Leader ¹	51%	100%
New measure	The percentage of time communication services are available	100%	99.8% or greater
New measure	The percentage of scheduled maintenance of radio sites completed ²	100%	90% or greater
New measure	The percentage of recreational craft surveys undertaken that meet Maritime New Zealand's (MNZ) quality criteria ³	100%	100%
New measure	The percentage of allocated recreational craft investment funding paid out to key target areas ³	100%	95% or greater

Note 1 – This measure quantifies RCCNZ's capacity to manage peak periods where search and rescue activity demands it (e.g. the Christmas break). Having a qualified Watch Leader on duty ensures Maritime New Zealand is best positioned to coordinate responses efficiently and effectively.

Note 2 – Scheduled maintenance is product-specific and influenced by international standards and advice on the maintenance of each product. Existing maintenance contracts are in place, with the appropriate maintenance timelines. Maritime New Zealand has fully outsourced this service to Kordia. The provider has an annual plan to maintain the Maritime Operations Centre and wider radio network to meet the best practice availability targets Maritime New Zealand set in the National Maritime Distress and Safety Communications Service agreement. This measure includes 29 very high frequency (VHF) and two high frequency (HF) sites.

Note 3 – Measures were transferred from Maritime Regulatory and Response Services as this appropriation funds recreational craft safety activities.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Weather Forecasts and Warnings

This appropriation is limited to severe-weather warnings and a level of weather forecast services for land, coastal waters and oceanic areas for which New Zealand has international responsibility.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
27,202	Non-departmental output expenses: Weather Forecasts and Warnings	28,799	28,799	28,799

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
As per contract	Provision of agreed services	As per contract	As per contract
91%	Minimum percentage of forecasts of severe-weather events (heavy rain) which successfully predicted the event (probability of detection)	93%	Greater than 90%
11%	Maximum percentage of forecasts of severe-weather events (heavy rain) which are subsequently found to be false alarms (false alarm ratio)	10%	Less than 15%

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Non-departmental other expenses

Auckland City Rail Link – Operating

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

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
3,819	Non-departmental other expenses: Auckland City Rail Link – Operating MYA	4,064	9,370	4,663

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
25% ¹	Work is carried out as per the agreed programme	85% ²	100%

Note 1: The programme was aligned to match the Link Alliance Target Alliance Programme 7.08 schedule; 6 of 8 milestones were expected to be completed in first quarter 2024/25. The safety case variation for CRL testing and commissioning was approved by the Rail Regulator in July 2024.

Note 2: 11 out of 13 milestones achieved.

Clean Vehicle Discount Scheme – Rebates¹

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
167,163	Non-departmental other expenses: Clean Vehicle Discount Scheme – Rebates	-	-	-

Note 1: Following the decision to end the Clean Vehicle Discount Scheme in December 2023, funding was retained in the appropriation to fund the wind-down of the Scheme. There was no expenditure under this appropriation in 2024/25. As all rebates have now been processed, all remaining funding was returned in 2024/25.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Coastal Shipping Resilience Fund

This appropriation is intended to support the resilience of coastal shipping for freight around New Zealand.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
-	Non-departmental other expenses: Coastal Shipping Resilience Fund	-	-	-

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
New measure	Establish investment criteria for the Coastal Shipping Resilience Fund	Achieved	Achieved

Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant

This appropriation is intended to achieve rolling stock and network upgrades to enable an improved schedule of passenger rail services between Wellington and the Wairarapa and Manawatū regions through the provision of co-funding alongside contributions from the National Land Transport Fund and the local councils.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
-	Non-departmental other expenses: Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant	1,032	-	30,400

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
New measure	Establish Governance arrangements for the Lower North Island Rail Mobility Programme	Achieved	Achieved
New measure	Agree funding arrangements for the Lower North Island Rail Mobility Programme	Achieved	Achieved
New measure	Release a Request for Proposals to the market	Achieved	Achieved

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Search and Rescue and related Frontline Safety and Prevention Services

This appropriation is limited to ensuring search and rescue services are delivered including during emergencies and related critical frontline safety and prevention services.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
-	Non-departmental other expenses: Search and Rescue and related Frontline Safety and Prevention Services	22,104	-	30,728

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
100%	Provision of agreed Water Safety services	95%	95%

Supporting a Chatham Islands Replacement Ship

This appropriation is limited to funding to support the replacement of the current shipping vessel supporting the Chatham Islands, including the costs of short-term maintenance of the existing vessel until a replacement ship is delivered.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
4,329	Non-departmental other expenses: Supporting a Chatham Islands Replacement Ship	779	-	2,943

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
New measure	Maintenance of the Southern Tiare complete	100%	100%

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Transport Connectivity with Isolated Communities

This appropriation is limited to providing direct financial support to ensure transport services that are critical for isolated communities continue to operate.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
-	Non-departmental other expenses: Transport Connectivity with Isolated Communities	57	-	57

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
New measure	Procurement and signing of contract for charter transportation services occurs before 30 June 2025	Not Achieved ¹	Achieved

Note 1: The Ministry completed a Request for Proposals for replacement shipping services to the Chatham Islands and a contract with the preferred supplier is expected to be finalised in 2025.

Water Search, Rescue and Safety Frontline Services

This appropriation is limited to expenses incurred in frontline water search, rescue and safety services.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
15,145	Non-departmental other expenses: Water Search, Rescue and Safety Frontline Services	14,408	28,816	14,408

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
100%	Provision of agreed Water Safety services	95%	95%

Non-departmental capital expenditure

Rail – KiwiRail Equity Injection

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

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
2,091	Non-departmental capital expenditure: Rail – KiwiRail Equity Injection	8	4,000	7,316

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
22% ¹	Property transactions are carried out in line with agreed outcomes	0.1% ²	100%

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

Note 2: Non-cash appropriation. Property transactions are difficult to forecast as it can be very difficult to predict when/if an agreement will be signed and then settle. If a settlement does not occur in a particular year, then it is likely that it will move into the following year. As most disposals are now driven by third party requirements (other public works) an allowance must be made for unknown requirements each year. This reflects the change in focus away from land disposals to land acquisitions for large projects.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Rail – KiwiRail Holdings Limited

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

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
641,381	Non-departmental capital expenditure: Rail – KiwiRail Holdings Limited	378,380	685,517	378,482

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
100%	Capital is invested in the New Zealand rail system as approved by shareholding Ministers	100%	100%

Rail – New Zealand Railways Corporation Equity Injection 2024–2029

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

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
-	Non-departmental capital expenditure: Rail – New Zealand Railways Corporation Equity Injection 2024–2029 MYA	13,870	51,000	91,682

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
42% ¹	Property transactions are carried out in line with agreed outcomes	15% ²	100%

Note 1: Non-cash appropriation. Property transactions are difficult to forecast as it can be very difficult to predict the likely value, and when/if an agreement will be signed and then settle. If a settlement does not occur in a particular year, then it is likely that it will move into the following year. Also, an allowance is made for higher than expected land purchase prices (contingency). This reflects the change in focus away from land disposals to land acquisitions for large projects.

Note 2: Non-cash appropriation. Property transactions are difficult to forecast as it can be very difficult to predict the likely value, and when/if an agreement will be signed and then settle. If a settlement does not occur in a particular year, then it is likely that it will move into the following year. Also, an allowance is made for higher than expected land purchase prices (contingency). This reflects the change in focus away from land disposals to land acquisitions for large projects.

Acting Minister of Transport Report on additional non-departmental appropriations

For the year ended 30 June 2025

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

Foreword

I have been formally transferred responsibility for 'aviation sector' matters within the transport portfolio. In my capacity as Acting Minister of Transport (for those 'aviation sector' matters) I am reporting under section 19B of the Public Finance Act 1989 on the following non-departmental appropriations in Vote Transport:

Non-departmental output expenses:

- Ground-Based Navigation Aids for Aviation Safety

Non-departmental other expenses:

- Recreational Aviation Safety Activities PLA

Non-departmental capital expenditure:

- Joint Venture Airports – Crown Contribution 2023 – 2028

This report has been appended to the annual report of the Ministry of Transport for publication.



Hon James Meager

Acting Minister of Transport

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Non-departmental output expenses

Ground-Based Navigation Aids for Aviation Safety

This appropriation is limited to expenses incurred by Airways New Zealand for the annual operating costs of maintaining ground-based navigation aids.

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
-	Non-departmental output expenses: Ground-Based Navigation Aids for Aviation Safety	50	400	400

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
Not Achieved	Equipment operational in accordance with agreed standards and timeframes	Not Achieved	Achieved

Non-departmental other expenses

Recreational Aviation Safety Activities PLA

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

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
274	Non-departmental other expenses: Recreational Aviation Safety Activities PLA	150	200	200

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
Achieved	The development, maintenance and support services for Instrument Flight Procedures, as agreed with the Aviation Federation	Achieved	Achieved

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Non-departmental capital expenditure

Joint Venture Airports – Crown Contribution 2023–2028

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

Financial performance

2024 Actual \$000	Performance measures	2025 Actual \$000	2025 Budget \$000	2025 Forecast \$000
4,510	Non-departmental capital expenditure: Joint Venture Airports – Crown Contribution 2023–2028 MYA	2,413	4,151	4,997

Assessment of performance

2024 Actual	Performance measures	2025 Actual	2025 Standards/ Targets
100%	Percentage of compliance with the joint venture	100%	100%

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