



MINISTRY OF TRANSPORT
TE MANATŪ WAKA

F.5



Annual Report 2025/26 | Pūrongo ā tau 2025/26

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Section 01

Chief Executive's foreword and statement of responsibility



CHIEF EXECUTIVE'S FOREWORD

Chief Executive's foreword | Te whakataki ā Te Tumuwhakarae

Tēnā koutou katoa,

As the Chief Executive for the Ministry for Cities, Environment, Regions and Transport (MCERT), I am pleased to present the Ministry of Transport's final Annual Report.

On 1 July 2026, the Ministry of Transport was one of four agencies that formed MCERT, bringing to a close 58 years as a standalone organisation. During that time, the Ministry's stewardship of New Zealand's land, air and sea transport systems has influenced the lives of every New Zealander.

This Annual Report highlights the Ministry's achievements in 2025/26 across a wide programme of legislative and regulatory reform. In land transport, we advanced changes to road funding and financing, congestion management, driver licensing and vehicle compliance. Road safety remained a core priority, with new measures to address anti-social driving, strengthen enforcement of drug-impaired driving, and lift compliance across licensing and vehicle inspection regimes.

Investment in infrastructure and connectivity was a major focus. Significant progress was made in rail, including upgrades to metropolitan networks in Auckland and Wellington, completion of key enabling works for Auckland's City Rail Link, and procurement of new electric trains for the lower North Island.

In aviation, we launched the Aviation Action Plan to support trade, tourism, regional connectivity and economic growth. We also strengthened national and regional transport resilience, including securing a new supply vessel for the Chatham Islands and delivering \$30 million in Coastal Resilience Fund investments to grow maritime capability.

In early 2026, the Ministry assumed a lead role in the Government's response to the situation in

the Middle East, drawing on expertise from across the organisation and sustained engagement with industry about impacts to help inform policy options.

The past year demanded an exceptional effort from Ministry staff as they responded to significant operational challenges while supporting organisational change. They remained focused on serving New Zealanders while helping lay the foundations for a new organisation.

Although the Ministry of Transport's tenure has concluded, its responsibilities and legacy continue within MCERT. The stewardship of New Zealand's transport system remains fundamental to our work, and we will continue building on the strong foundation the Ministry has established over nearly six decades.

Before closing, I want to acknowledge the people of the Ministry of Transport, past and present. Over 58 years, generations of public servants have contributed their expertise, judgement and commitment to building a transport system that connects people, supports economic growth and improves the wellbeing of communities across New Zealand.

The Ministry's final year was marked by significant change, yet its people continued to deliver with professionalism, integrity and purpose. On behalf of New Zealanders, I thank them for their service and for the contribution they have made to New Zealand's transport system. Their legacy will continue through the work of MCERT and through those who carry that work forward.

Ngā mihi



Jeremy Lightfoot

Chief Executive for the Ministry for Cities,
Environment, Regions and Transport
and Secretary for Transport
30 September 2026

Statement of responsibility | Te taunākī kawenga

I am responsible, as Chief Executive for the Ministry for Cities, Environment, Regions and Transport, for¹:

- the preparation of the Ministry of Transport's (the 'Ministry') 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; and
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in this annual report.

In my opinion:

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



Jeremy Lightfoot

Chief Executive for the Ministry for Cities, Environment, Regions and Transport and Secretary for Transport

¹ The Ministry of Transport was disestablished with effect from 1 July 2026 as part of the establishment of the Ministry for Cities, Environment, Regions and Transport (MCERT). Although the Ministry of Transport ceased to exist as a standalone department on that date, it remains responsible for reporting on its activities and performance for the year ended 30 June 2026. Pursuant to section 45J of the Public Finance Act 1989, responsibility for providing the Ministry of Transport's final annual report has been transferred to the Chief Executive for MCERT. Accordingly, this Statement of Responsibility is signed by the Chief Executive for MCERT on behalf of the former Ministry of Transport.

A history of the Ministry of Transport

The Ministry of Transport was created in 1968, after a merger between the Transport Department, the Civil Aviation Department and the Meteorological Service.

The new Ministry of Transport brought together three strands of public administration.

Transport Department

Established in 1929, early responsibilities centred on the regulation of road transport, including the administration of economic and safety laws, and over time the department became involved in traffic-law enforcement through its traffic officers.

Civil Aviation Administration

New Zealand's aviation regulation began with the **Aviation Act 1918**, followed by an Air Board in 1920, and by 1933 a **Controller of Civil Aviation** had been appointed.

Meteorological Service

The Meteorological Service reaches back to **1861**, with the first official forecaster appointed in **1874**.

Over time, weather forecasting became an important public function for shipping, aviation, agriculture and civil defence.

When these three strands were combined in **1968**, the new **Ministry of Transport** was both a policy department and a large operational agency.

1970s

The Ministry was set up in 1968.

Five divisions were established – three operating divisions, one planning and research division, and an administration and general service division. Road traffic enforcement was overseen by the Road Transport Division.

The Ministry became responsible for the work of the Marine Department in 1972. The department was more than 100 years old when it was dissolved and its responsibilities taken over by the Ministry.

1980s

Major deregulation arrived with the removal of the 150-kilometre trucking rule (Transport Amendment Act (No. 2)), which removed the prohibition on goods travelling more than 150km by truck, thereby allowing competition with the Railways Corporation.

Roading functions transferred from the Ministry of Works into the Ministry of Transport, bringing hundreds of staff and the management of the state highway system.

The Ministry operated its own traffic enforcement officers, famously known as the “MoT guys” in their iconic black-and-white patrol cars, starting as the Traffic Radio Service and gradually picking up all national enforcement, becoming the Traffic Safety Service.

Dame Margaret Bazley was appointed CEO of the Ministry of Transport in 1988 and restructured the organisation into five different business divisions – Land transport, Meteorological Service, Air Transport, Maritime Transport and Roothing.

1990s

The Traffic Safety Service merged into New Zealand Police.

New agencies like the Civil Aviation Authority, Maritime Authority, and Land Transport Authority were established.

2000s

Following the September 11 attacks in 2001, aviation security requirements changed almost overnight; the Ministry was involved in responding to a new security environment.

Transit New Zealand and Land Transport New Zealand merged to form the NZ Transport Agency, changing how land transport was delivered and overseen.

2010s

The Ministry played a critical role in response and recovery following the Canterbury earthquakes in 2011, and again after the Kaikōura earthquake in 2016.

Establishment of City Rail Link Limited in 2017.

2020s

The Ministry played a major role in national response efforts to COVID-19, including the establishment of schemes like Maintaining International Air Connectivity.

The Middle East fuel crisis reminded us just how central transport is to national resilience and economic wellbeing.

The future:

Even though the Ministry's time has wrapped up, its work carries on through MCERT, which builds on the Ministry's solid foundation to keep delivering long term transport benefits for New Zealanders now and in the future.



Section 02

Context and long-term outcomes

Our context

New Zealand's transport system – our context

Over 2025/26, there have been significant changes in the Ministry's operating context and to the New Zealand transport system.

1. The announcement to establish the Ministry for Cities, Environment, Regions and Transport and subsequent work to support this.

While this did not alter the Ministry's work programme, the Ministry supported the establishment of MCERT by seconding staff to the Integration Management Office at the Public Service Commission, and led and supported the workstreams necessary for 'day one' of the new organisation.

2. War in the Middle East and resulting fuel crisis.

The Ministry has played a key role in supporting the Government's response to the fuel crisis. To deliver this work the Ministry had to reprioritise resources and slow some aspects of work, which was done in consultation with Ministers. Nearly half the Ministry's staff were involved in the fuel response at some point. Work included advice on public transport; developing a plan to manage jet fuel supplies; and a regulatory relief package developed collaboratively with the New Zealand Transport Agency (NZTA). This is a clear example of system leadership and our values of excellence, integrity and collaboration.

Through these shifts in our context, the Ministry continued to consider the long-term changes facing the transport system.

- The fuel crisis may lead to a **structural change in demand** for travel and a faster shift towards electrification of the vehicle fleet at the point of natural vehicle replacement. Data shows that during the peak of the fuel crisis and rising fuel prices, light vehicle usage dropped in Wellington by 4.5%, and in Auckland by 2.2%, while sales of electric vehicles increased during this time. More analysis will be undertaken to show what impact this may have on New Zealand's future transport system.
- The **National Infrastructure Plan** has highlighted that slowing population and income growth are expected to put downward pressure on the population's willingness to pay for significant expansions or quality improvements to land transport networks. The Plan also notes that renewal needs will make up the largest share of future investment, which will also grow with the need to improve resilience to natural hazard events.

Beyond these factors, we expect the transport system will need to adapt to changes from geopolitics, trading patterns and to the growing uptake of Artificial Intelligence. Our challenge is to shape a transport system that is resilient to these challenges and does not 'lock in' a solution that may be redundant in future.

How the transport networks are performing

We utilise the Transport Network Performance Report to see in real time how this wider context impacts how our air, road, rail, port and public transport networks are performing their core function of getting people and things from A to B.

We released the first Transport Network Performance Report in April 2025 and continue to publish it each quarter. There are now five published reports that provide public information using measures of demand, supply, reliability, safety and user experience.

Roading network performance

Travel on our roads continues to grow, with heavy vehicle traffic up 5.2% in 2025. Deaths and serious injuries decreased by 251 (9.1%) compared to 2024. Around 71% of respondents said they were very satisfied with their experience on the road.

Rail network performance

Rail freight grew 0.6% in 2025, averaging 1.4 million tonnes per month. On-time performance improved slightly, with 88.1% of services departing on time and 88.6% arriving on time.

Ports network performance

Ship visits to ports increased by 6.1% in 2025. Container volumes (imports and exports) fell 15.1% year-on-year, averaging 400,000 containers per quarter. This reduction may have been caused by a subdued trade environment and economy in the 2025/26 year. Container movement productivity averaged 53.4 moves per hour.

Aviation network performance

Over the last decade, the volume of air passengers peaked at 14 million international and 20 million domestic passengers in 2019. International boardings are close to recovering, reaching 13.2 million in 2025 (up 4.5%), while domestic boardings reached 19.5 million, near their pre-pandemic peak. On-time performance has stabilised, with domestic flights achieving 80% on-time departures compared to 68% for trans-Tasman services.

Public transport network performance

The public transport network had around 158 million boardings in 2025, a slight decline from 160 million in 2024. Buses, which account for over half of all passenger kilometres, saw punctuality improve significantly to 85.2%, up from below 80% in 2024.

How our long-term outcomes are progressing

The Ministry's annual work programmes contribute to both our long-term outcomes² and our shorter term strategic priorities (see page 18).

When assessing these outcomes, it is important to note that the transport system is large and complex and influenced by many market-driven factors. Policy changes often take several years to translate into operational and behavioural shifts, and improvements in some areas may be offset by pressures in others.

Our long-term outcomes

The Ministry's annual work programmes contribute to changed performance in our five long-term outcome areas. Our long-term outcomes, and the trends we have seen over the last ten years, are:

Economic Prosperity

There was a 14% increase in total freight (import and export) movements from the 2014 to 2026 financial years.

Environmental Sustainability

Total domestic transport greenhouse gas emissions have fallen to below 2015 levels, though this has fluctuated across the reporting period. Road transport remains the major contributor to transport greenhouse gas emissions.

Healthy and Safe People

There was an 18% reduction in annual deaths and a 12% increase in annual serious injuries across all transport modes from 2015 to 2025. Mode share of walking continues to increase year on year, with this making up an average 14.5% of trips. Cycling remains steady at 2%.

Inclusive Access

Public transport boardings increased by 17% from the 2014 to 2025 financial years, noting Auckland public transport continues to grow steadily.

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 and the volatile global security climate 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 period with COVID-19 also impacting performance. 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 work the Ministry undertakes generally affects 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).

² Ministry of Transport Strategic Intentions 2024–2028
https://www.transport.govt.nz/assets/Uploads/MOT-5487-Strategic-Intentions-20242028_FA.pdf.

CONTEXT AND LONG-TERM OUTCOMES

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

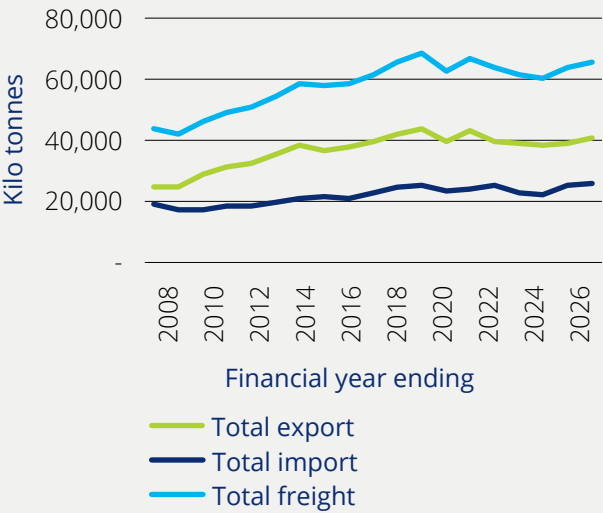
We use freight export and import data to broadly understand the current state of our economic prosperity outcome.

There has been a 14% increase in total freight (import/export) movements from 2014 – 2026. 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 2025/26 work

This year, our work to improve economic prosperity included advice on the road user charges transition, new revenue tools, modernising the aviation system, market soundings on toll road concessions, shipping services for the Chatham Islands and advice on transport infrastructure priorities for Budget 2026.

Figure 1: Freight export/import movements³



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 greenhouse gas 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 2024 calendar year:

- road transport remained the major contributor to domestic transport greenhouse gas emissions (91%)
- total domestic transport emissions in 2024 were slightly lower than in 2023 (a reduction of 0.5%)

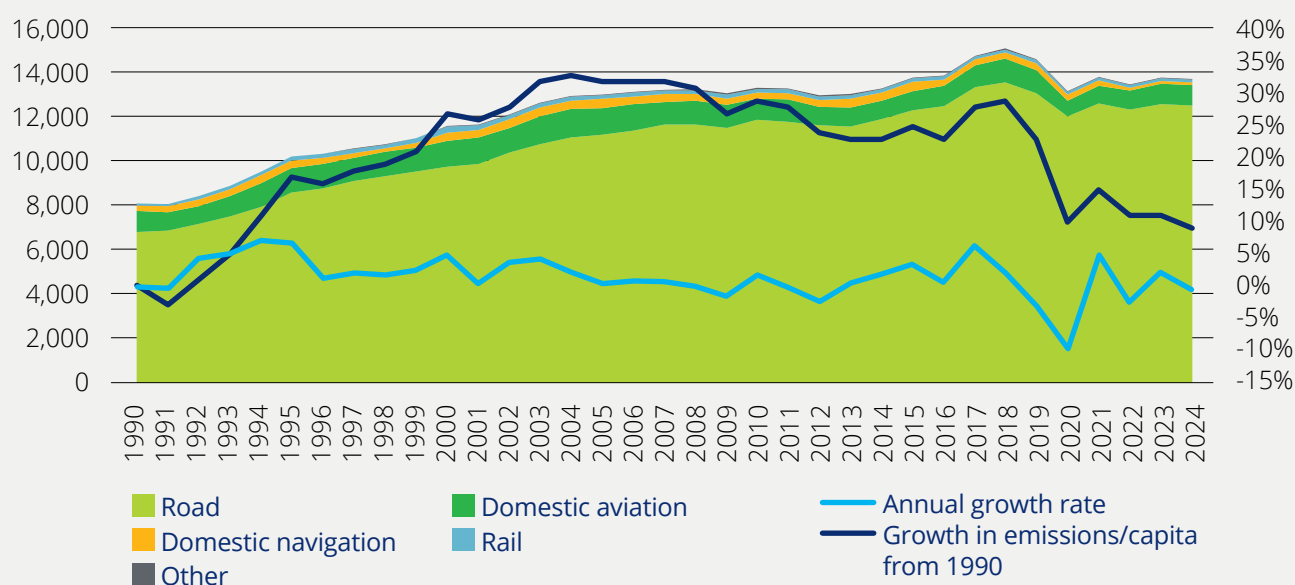
- compared to 2014, the 2024 level was 3% higher – although there was a 9% decrease from the peak reported in 2018
- generally, greenhouse gas emissions fluctuate over the reporting period, and are often influenced by global events.

We note that domestic transport emissions are covered by the New Zealand Emissions Trading Scheme, which means all emissions are offset by emissions credits (New Zealand Units).

Our 2025/26 work

This year, our work to improve environmental sustainability included continuing our advice on the Review of the Clean Vehicle Standard, supporting the Second Emissions Reduction Plan, continuing advice on EV charging infrastructure, and ongoing work on maritime decarbonisation.

Figure 2: 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 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.

CONTEXT AND LONG-TERM OUTCOMES

Long-term outcome: Healthy and Safe People

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

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 annual deaths decreased from 379 to 312 between 2015 and 2025
- the total number of annual serious injuries increased from 2,225 to 2,492, between 2015 and 2025. However, there was a 2% decrease from 2024 to 2025
- walking continues to increase year on year, with pedestrians making up 14.5% of all trip legs. Cycling remains steady at 2%.

Our 2025/26 work

Our work to support healthy and safe communities included continuing our work on new road safety objectives and monitoring road policing targets. We continued the review of the graduated driver licensing system, progressed a range of changes to land transport rules including Warrant of Fitness requirements and supported implementation of the oral fluid testing regime to better detect and deter drug driving.

Figure 3: Deaths and serious injuries by all transport modes

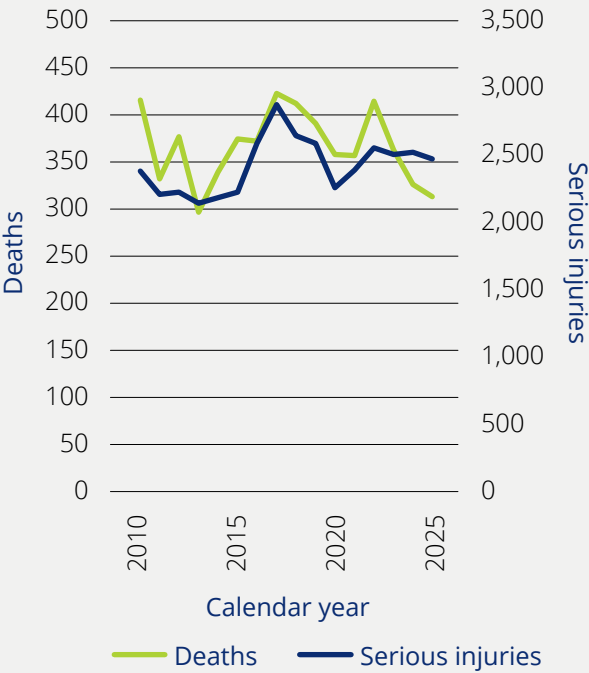
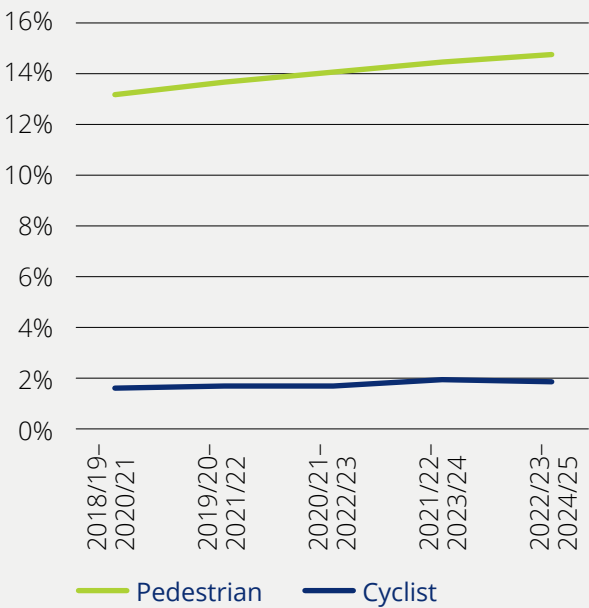


Figure 4: Mode share (%) of all trips in all major urban areas in New Zealand



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 as a proxy to understand the current state of our Inclusive Access outcome.

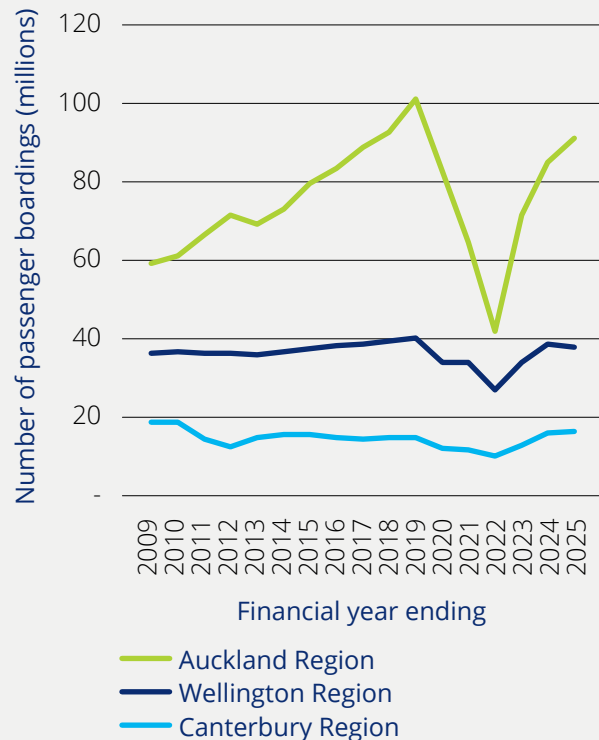
Between 2015 and 2025, annual public transport boardings in Wellington, Auckland and the Canterbury region increased by 10%. Auckland showed the biggest increase in the period with a 15% increase, noting however, this does not bring it up to pre-COVID-19 levels. The Canterbury region also showed a 7% increase, which surpassed pre-COVID-19 levels.

Our 2025/26 work

Our work this year to improve inclusive access included continuing the review of the Total Mobility scheme, progressing the Metropolitan Rail Operating Model Review, and initiating a fitness for purpose assessment of the Rail Safety Regulatory System. We also worked with regional government partners, NZTA and KiwiRail on the Lower North Island Rail Integrated Mobility programme, which resulted in confirmation of funding for new trains.

We also delivered transport system improvements such as changes to the Driver Licensing system and strengthening long term resilience through progressing the Chatham Islands Shipping Service replacement.

Figure 5: Public transport boardings in Auckland, Wellington and Canterbury regions



CONTEXT AND LONG-TERM OUTCOMES

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.

We note on page 11, 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 volatility of the global security climate is also having an increasing impact on security and resilience of the transport system and supply chains, through disruptions to shipping, increased fuel prices, the threat of supply constraints and exploitation of supply chains by organised criminal groups.

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 align our work within New Zealand's National Risk and Resilience Framework, which is used across government as a strategic and proactive framework to strengthen New Zealand's resilience to National Risks.

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:**Supporting a secure aviation and maritime system**

- Supporting the Civil Aviation Authority to develop security related rules as part of the Rules Update Programme.
- Extending the availability of RNZAF Base Ohakea as an alternate runway to 24/7 to increase the resilience of New Zealand's international aviation connectivity. This will mean ultra-long-haul flights will not need to carry as much reserve fuel, increasing passenger and freight carrying capacity.
- Providing direction for New Zealand's maritime security sector through the Maritime Security Strategy by setting out a vision that contributes to the advancement of New Zealand's national security using a common approach, coordinated investment decisions, and effective resource prioritisation.
- Reforming Maritime Legislation – In partnership with Maritime New Zealand the Ministry has reviewed the Maritime Transport Act 1994 and Maritime Security Act 2004 to ensure that the maritime regulatory system is fit for purpose. Proposals include changes to tighten port security in response to transnational organised crime and other threats.

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

- 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.
- Engaging with Pacific transport officials to support strategic thinking and decision-making around transport related issues, while also responding to requests from Pacific partners – including support for training and policy development.

Section 03

Strategic Intentions

STRATEGIC INTENTIONS

Our Strategic Intentions

Our Strategic Intentions sit underneath the long-term outcomes and provide structure on how the Ministry works toward the transport sector outcomes.

Each priority has several programmes, and actions, that enable the outcomes to be achieved.

Below is a summary of what we achieved for each priority, programme and action in 2025/26.

Strategic Intentions 2024–2028

The information below includes a high-level status update for each of our priorities and actions.

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

One of the key challenges facing New Zealand is high demand and expectations for transport services and infrastructure in a highly constrained revenue context.

Historically, user charges were sufficient to cover transport expenditure. However, since the mid-2010s, revenue and expenditure have become less aligned. Successive governments have directed significant additional Crown grant and loan funding into the National Land Transport Fund.

Under the Land Transport Revenue Action Plan, funding reform is underway with a number of programmes being undertaken and legislation going through Parliament.

The reform programme modernises and stabilises transport funding, improves network utilisation through clearer price signals, and enables investment to be brought forward, with significant implications for land prices and regional outcomes.

Action 1: Road User Charges (RUC) transition

The Land Transport (Revenue) Amendment Bill was introduced in November 2025 and had its Second Reading in June 2026. The Bill modernises the RUC system. It removes the requirement to carry a paper label and enables third party providers to introduce modern methods of paying RUC, including payment models like subscriptions or post-payment options. The modernisation of RUC paves the way for the transition of all light vehicles onto the RUC system, resulting in a fairer system for all where users are charged on a distance and weight basis, irrespective of the fuel used by their vehicle.

During the year, the Ministry called for market insights on what a future RUC system could look like. Responses came from a wide range of existing and prospective local and international providers with many expressing a strong interest in providing services as part of a new RUC system. The Ministry is using these insights to inform the next steps for the RUC transition.

Action 2: New revenue tools

In 2025/26 legislation to enable time-of-use charging was enacted, and changes to enable greater use of tolling were progressed through the Land Transport (Revenue) Amendment Bill.

The Bill will make tolling more flexible and effective for funding land transport in New Zealand. It would expand the circumstances in which existing roads may be tolled where users benefit from a new road in the same corridor, broaden the permitted uses of toll revenue, and allow toll revenue to be used for specified alternative route costs in some circumstances. It also broadens delegation and leasing powers to support private investment into road infrastructure. Overall, the changes will better support and bring forward new investment into the road network.

The Land Transport Management (Time of Use Charging) Amendment Act enables the implementation of time of use charging schemes. It was passed in November 2025 and comes into force on 18 November 2026. Traffic congestion in New Zealand's cities imposes significant costs, including lost time for commuters and freight, unreliable travel, wasted fuel and higher emissions. Traditional road funding and traffic management approaches struggle to address

congestion at peak times. Time of use charging targets this problem by charging for road use when and where demand is highest. As well as funding infrastructure and operational costs of a scheme, net revenue from a time of use charging scheme must be reinvested in land transport activities within the scheme region.

The Ministry consulted on proposed regulations, with final decisions being progressed, which will support councils to initiate schemes.

Action 3: Smarter use of financing approaches and tools

Working alongside National Infrastructure Funding and Financing Limited (NIFFCo), the Treasury and NZTA, the Ministry is leading work on the viability, value and structuring options for toll road concession opportunities.

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.

Enacted Time of Use Charging legislation reduces revenue leakage risk by making NZTA responsible for conducting billing and collecting charges for all time of use schemes. NZTA's ability to match vehicles to owners will reduce the risk of revenue leakage through charges being evaded. A single NZTA operated system is intended to also reduce scheme operating costs, increasing the net revenue available to be invested back into each scheme region.

STRATEGIC INTENTIONS

Programme 2: Modernising the aviation system

The Ministry and Civil Aviation Authority (CAA) are undertaking an ambitious programme to modernise New Zealand's civil aviation rules enabling 20 years of changes to be made over a two-year period.

This work will remove barriers for growth and enhance safety and security in aviation. This large-scale programme will take a streamlined approach to rule-making processes, enabling a greater boost to economic development and more efficiencies for the sector.

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

The Civil Aviation Act 2023 came into force on 5 April 2025 and introduced a new airport operator registration system to replace the airport authority status under the Airport Authorities Act 1966. Regulatory Airport Spatial Undertakings (RASUs) will set out how airports meet regulated space requirements for government agencies.

Airports that have legislated space requirements must be registered before the Secretary for Transport can approve their RASU. As of June 2026, every airport with these requirements – Auckland, Christchurch, Dunedin, Hamilton, Invercargill, Queenstown and Wellington – has completed registration and had its RASU approved.

Action 2: Reforming the funding regime for the CAA

We provided advice for the CAA's first principles funding review. The next stage will involve identifying its future requirements and presenting funding options that ensure it can sustainably meet its objectives.

Action 3: Reviewing the aviation security and safety systems

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

We now have a clearer understanding of how the Aviation Security Service is performing across some key metrics developed to better track operational performance. The metrics are showing improved performance and increased efficiencies, including fewer queues, more people through screening points, and staff reductions.

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

The Ministry and the CAA implemented regulatory changes to support advanced aviation in December 2025. The changes introduced a simpler, more flexible approach to regulating advanced aviation.

P2

Priority 2: Improving road safety

Road deaths and serious injuries have a major impact on road users, families, communities, the economy and our health sector.

The Ministry is leading on legislative and policy changes to reduce road deaths and serious injuries on our roads.

Action 1: Road safety objectives

Following the development and publication of the new Road Safety Objectives⁴ in October 2024, we report quarterly on road safety actions and outcomes to make sure performance and delivery remain on track.

Action 2: Drug driving legislation for oral fluid testing

The implementation of roadside oral fluid (saliva) testing in New Zealand occurred in December 2025. To support this, we developed secondary legislation for the handling of oral fluid samples. These regulations provide the exact, legally binding procedures for how enforcement officers and analysts must obtain, handle, retain, transfer and dispose of roadside drug-testing samples.

Action 3: Fines and penalties review

We continued work on options for progressing changes to land transport infringement fees and penalties. The scope of this work has shifted towards drink driving offences and the more effective use of alcohol interlocks, commonly known as in-car breathalysers.

Action 4: Targets for road policing

Continuing the previous year's work with NZTA on road policing targets, we worked with our road safety partners to monitor compliance with these targets.

Action 5: Graduated driver licensing

We led a review of the graduated driver licensing system, which will make it cheaper and easier to get a driver's licence, while maintaining road safety. Cabinet agreed to the proposals in September 2025. The new licensing system will remove the practical driving test for a full licence, introduce a clean driving record requirement to the restricted licence, and introduce a zero-alcohol limit for learner and restricted drivers. The Minister of Transport signed the Land Transport (Driver Licensing) Amendment Rule in April 2026, with most of the changes coming into effect in January 2027.

Action 6: Land Transport Rule: Setting of Speed Limits

Building on the work undertaken in the previous year to progress this initiative, this action is now complete. Variable speed limits outside schools were scheduled to be implemented by mid-2026.

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

STRATEGIC INTENTIONS

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 (NZTA, Maritime New Zealand, CAA and TAIC) that have a significant impact on the operational efficiency and safety of our land transport, aviation and maritime sectors. The Ministry's monitoring and assurance work supports enhanced performance by the Crown entities and provides assurance to the Government that key projects are being delivered in accordance with expectations.

Action 1: Strengthening formal accountability processes; and

Action 2: Lifting our capacity to facilitate structured quarterly discussions on performance

A draft operating model for how the monitoring and assurance function should work has been developed. Work is progressing on how these practices can be used to ensure ongoing continuous improvement work.

Work continues with the Crown entities to improve their reporting to Ministers and how we provide advice alongside that. We link the annual accountability cycle with other key activities and events to provide a forward view of opportunities to improve collaboration and discuss performance.

We have also refreshed our approach to Monitoring Plans. This includes being more specific about priorities and the actions we will take – reflecting a risk based and proportionate approach. We are also reviewing the monitoring framework, which will reflect updated monitoring practices. We have formalised a three-year appointments work programme and reintroduced the provision of advice to Ministers on the annual appointments work programme.

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

We continue to develop a better understanding of the transport network through the quarterly Transport Network Performance Report. See page 10 for more information on the report.

We also continued work on the aviation on time performance (OTP) reporting, which covers domestic and trans-Tasman routes. OTP reporting gives communities better information on how our aviation services are performing and meeting the needs of New Zealanders.

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

Government Policy Statement (GPS) 2024 required NZTA to develop a performance and efficiency plan (PEP), which included ensuring that business case and cost estimation processes reflect best practice. The Ministry has engaged with NZTA on a regular basis on how they are progressing against the PEP. We are also engaging with the Treasury and Infrastructure Commission on how new assurance processes will apply to Crown entities.

Section 04

Assessment of operations

ASSESSMENT OF OPERATIONS

Section 4A: Implementing the Government’s priorities

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 Decisions⁵, or any Major Spending Decisions or Major Forecast Savings and Revenue Decisions from Budgets 2025 or 2026.

Reduction in baseline, and consultant and contractor expenditure

Ministry baseline reduction

The Ministry’s baseline was not reduced in 2025/26 by the Budget 2025 baseline savings programme. Like all agencies the Ministry was asked to find savings in Budget 2026 and \$0.994 million of underspends from the Ministry’s 2025/26 departmental baseline were reprioritised towards other transport priorities through Budget 2026.

Non-departmental expenditure

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

Agency and initiative	Savings description	Savings made in 2025/26 (\$000s)
Baseline savings initiatives		
New Zealand Transport Agency – Driver Licence Stop Orders	This initiative returned administration funding that was no longer required by NZTA to change the driver licence register in the case of a stop order. The process had been automated, so savings had no impact on the delivery of the initiative.	70
Other savings initiatives		
New Zealand Transport Agency – Public Transport Bus Decarbonisation	The public transport bus decarbonisation fund, alongside co-funding from public transport authorities (PTAs), was used to fund the enabling infrastructure for zero emission buses (e.g. EV charging infrastructure and bus depot land). Through Budget 2025, all uncommitted funding associated with the public transport bus decarbonisation fund was returned to the centre (noting that all existing commitments will still be honoured).	12,195
	Through Budget 2026, unspent funding from the public transport bus decarbonisation fund was reprioritised towards other Vote Transport initiatives.	2,300

5 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

Agency and initiative	Savings description	Savings made in 2025/26 (\$000s)
Other savings initiatives (continued)		
New Zealand Transport Agency – Older Driver Licence Subsidy	In 2025/26 there was lower-than-expected demand for licence renewals and through Budget 2026 unspent funding was reprioritised towards other Vote Transport initiatives.	400
Airways New Zealand – Ground-Based Navigation Aids	Airways New Zealand receives funding for the annual operating costs of maintaining ground-based navigation aids (GBNAs) at five locations in mainland New Zealand where the usual avenue of user-pays cost recovery is not feasible. The five Crown-funded GBNAs are now scheduled to become operational in 2026/27, so operating funding was not required in 2025/26. 2025/26 underspends have been reprioritised towards other Vote Transport initiatives.	400
Maritime New Zealand – Emergency Ocean Response Capability	This funding was intended to improve New Zealand's access to maritime emergency ocean response capability (EORC) on an interim basis, with a specific focus on the Cook Strait. After considering the detailed business case for a permanent EORC for the Cook Strait, Cabinet agreed that procurement of an EORC was not warranted as the low risk and high costs indicated that a comprehensive solution could not be provided in a cost-effective way. Following Cabinet's decision, the contract with MMA Vision (which provided the interim ocean response capability) was cancelled. The funding remaining in the appropriation after cancellation of the contract was reprioritised towards other Vote Transport initiatives.	3,700
New Zealand Transport Agency – Drug and Alcohol Assessment Costs	The New Zealand Transport Agency is required to pay for court-ordered drug and alcohol assessments in instances where people have been convicted for repeat driving offences and indefinitely disqualified from driving. In 2025/26 there was lower-than-expected demand for assessments, and unspent funding was reprioritised towards other Vote Transport initiatives.	700
Total		19,765

Reduction in expenditure on contractors and consultants

The Ministry advised PSC in 2024/25 that the 2025/26 forecast of \$9 million would exceed the 2024/25 actual spend. This reflected provisions made for emerging programme priorities, as well as the need to account for ongoing uncertainty around merger decisions at that time.

As at 30 June 2026, expenditure on consultants and contractors totalled \$8.8 million, representing 24% of total departmental workforce expenditure for the period.

This compares with expenditure of \$11 million and \$4.5 million for 2023/24 and 2024/25 respectively, which represented 26% and 13% of total departmental workforce expenditure in these years respectively.

ASSESSMENT OF OPERATIONS

Section 4B: Assessment of operations

Our strong delivery focus enabled lift our performance in some areas of our work this year.

Assessing our operations in 2025/26

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 varied in 2025/26:

- Policy advice service: 4.4 out of 5 (was 4.1 out of 5 in 2024/25)
- Governance advice service: 4.3 out of 5 (was 4.9 out of 5 in 2024/25)

Quality of our policy and governance advice as assessed by NZIER

The quality of our policy and governance advice briefings maintained an average score of 3.56 out of 5 in 2025/26 (3.54 in 2024/25):

- Policy advice briefings:
 - 100% assessed as 3.0 or more out of 5 (100% in 2024/25)
 - 32% assessed as 4.0 or more out of 5 (30% in 2024/25)
- Governance advice briefings:
 - 100% assessed as 3.0 or more out of 5 (100% in 2024/25)
 - 33.3% assessed as 4.0 or more out of 5 (17% in 2024/25).

Output Plan delivery

Our level of delivery against the Output Plan decreased in 2025/26 to 83.2% (94% in 2024/25).

The reduction reflects changes in our work programme to meet priorities like the fuel crisis, which were agreed with the Minister.

Ministerial servicing

- Our Ministerial servicing improved in 2025/26:
 - 99% of Ministry OIA requests were responded to within statutory timeframes (94% in 2024/25)
 - 99% of draft responses were provided for Ministerial correspondence and Minister OIA requests within agreed timeframes (81% in 2024/25).

Section 4C: End-of-year performance information

For the year ended 30 June 2026

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
 - 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 3:** Progress on our Strategic Intentions
- **Section 4C:** 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 progress⁶.

(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 dioxide 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 New Zealand's 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 1990–2024 | 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.

⁶ 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.

The percentage of trips undertaken by walking and cycling is based on the proportion of trips by walking and cycling in the Auckland, Wellington and Christchurch major urban areas compared to the total number of trips – by all modes, in those areas. The data is drawn from the Ministry's Household Travel Survey, a continuous survey with data collected from a minimum of 1,200 households per year (over 3,000 per year since 2022/23).

Changes to the Ministry's performance measures in 2025/26

There was one change made to a performance measure in the below departmental appropriation from 2024/25 to 2025/26:

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

- **Measure added:** Percentage of Regulatory Impact Statements that receive a quality assurance rating of either meets or partially meets

This measure is included to provide additional transparency on the quality of the Ministry's regulatory policy work.

Some performance measures were removed from the below multicategory appropriation for 2025/26:

Tuawhenua Provincial Growth Fund – Transport Projects

Supporting Regional and Infrastructure Projects

- **Measure removed:** Work is carried out as per the agreed programme

Enabling Infrastructure Projects

- **Measure removed:** Average number of days to release Provincial Growth Fund infrastructure funding once approved

Infrastructure Projects

- **Measure removed:** Proportion of NZ Transport Agency Waka Kotahi projects funded by the Provincial Growth Fund (PGF) delivered to budget and timeframes

There was one calculation change for the measure 'Delivery of the New Zealand Search and Rescue Council's work programme', for the Search and Rescue Activity Coordination PLA appropriation. See page 31 for details.

Changes to the non-departmental performance measures in 2025/26

There were changes made to performance measures in the below non-departmental appropriations from 2024/25 to 2025/26. Performance of non-departmental measures is reported on pages 109–125.

Coastal Shipping Resilience Fund

- **Measure removed:** Establish investment criteria for the Coastal Shipping Resilience Fund
- **Measure added:** Complete an investment round for the Coastal Shipping Resilience Fund
- **Measure added:** Funding allocated in accordance with investment criteria

The Coastal Shipping Resilience Fund was established in 2024/25. The measures have been amended to reflect the expected progress of the Fund.

Search and Rescue and Recreational Boating Safety Activities

- **Measure removed:** Provision of appropriate Search and Rescue services to Coordination Authorities on request
- **Measure removed:** Provision of agreed Search and Rescue services
- **Measure removed:** Provision of agreed New Zealand avalanche hazard advisory services
- **Measure removed:** The percentage of recreational craft surveys undertaken that meet Maritime New Zealand's quality criteria
- **Measure added:** Search and Rescue services are delivered to the Coordination Authorities to an agreed quality level
- **Measure added:** Search and rescue capacity and capability is built to a level that supports operational delivery

- **Measure added:** Percentage of operations supported by NGO activities
- **Measure updated:** The percentage of peak period duty shifts at the Rescue Coordination Centre New Zealand that have a qualified Watch Leader **updated to:** Percentage of duty shifts at the Rescue Coordination Centre New Zealand that have a qualified Watch Leader

The previous measures have been retired and replaced with new measures that align with updated funding agreements.

Search and Rescue and related Frontline Safety and Prevention Services

- **Measure removed:** Provision of agreed Water Safety services
- **Measure added:** Frontline water services are delivered to the Coordinating Authorities to an agreed level

The previous measure has been retired and replaced with one that is more clearly defined.

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

- **Measure removed:** Establish Governance arrangements for the Lower North Island Rail Mobility Programme
- **Measure removed:** Agree funding arrangements for the Lower North Island Rail Mobility Programme
- **Measure removed:** Release a Request for Proposals to the market
- **Measure added:** Contract to deliver rolling stock and infrastructure enhancements is signed with the preferred supplier (following an independent assurance process)

Performance measures have been updated to reflect the expected progress of the programme.

Transport Connectivity with Isolated Communities

- **Measure removed:** Procurement and signing of contract for charter transportation services occurs before 30 June 2025

Measure removed as this was completed in 2024/25.

Appropriation: Search and Rescue Activity Coordination PLA – change to calculation methodology

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'.

Change in calculation methodology

The performance measure has not changed in its intent. The methodology used to calculate the result has been updated to better reflect actual delivery of the work programme.

Previous approach

In prior years, performance was calculated based on the proportion of funding allocated to the work programme that was paid during the financial year. This meant the reported result reflected funding disbursement rather than delivery progress, and could result in 100% achievement where all funding was paid, regardless of whether planned activities or deliverables were completed.

Updated approach

The methodology has been revised to assess delivery based on progress against planned work programme activities and their expected milestones. Performance is now calculated as the average percentage completion across all in-scope activities.

Each activity is assessed using standardised status categories with defined percentage treatments:

- **Complete to satisfaction:** assigned 100%
- **In-Progress/Near Complete:** assigned a calculated percentage based on milestone completion
- **Delayed:** assigned 0%
- **Cancelled (with expenditure):** assigned 0%
- **Cancelled (no expenditure):** excluded from the calculation (both numerator and denominator).

For activities assessed as In-Progress/Near Complete, progress is calculated using the following formula:

(Number of year-to-date planned milestones completed ÷ number of planned year-to-date milestones at the end of the quarter) × 100

This ensures that partial delivery is measured based on actual progress against expected milestones within the financial year, rather than subjective estimation.

ASSESSMENT OF OPERATIONS

Reason for the change

This revised approach provides a more accurate, transparent and auditable measure of performance by directly assessing delivery of work programme activities and milestones, rather than relying on funding disbursement as a proxy for performance.

Impact on comparability

As a result of this change, results are not directly comparable with prior years, as earlier results reflected funding paid rather than the extent of delivery achieved across the work programme.

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. The 'Do not know' option excludes that question's response 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.

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 the 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 measure

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.

ASSESSMENT OF OPERATIONS

Departmental output expenses

Search and Rescue Activity
Coordination PLA

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 through the provision of secretariat services and by enabling the delivery of the Council's work programme.

The NZSAR Council provides national strategic governance, oversight and leadership of New Zealand's search and rescue system, ensuring it remains effective and responsive to both current and future needs. During the reporting period, the

Council progressed a number of priorities under its strategic plan, including delivery of the annual Search and Rescue Awards, development of a strategic risk framework, establishment of a Major SAR Incident Response Framework, and initiation of a trial to improve aviation tasking. The Secretariat also supported the implementation of a refreshed governance model, including the establishment of additional operational and strategic advisory groups.

The Secretariat further supports the Ministry's monitoring of funding provided to search and rescue non-government organisations (NGOs), helping to ensure these organisations can continue to make a vital contribution to New Zealand's search and rescue system.

Financial performance

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
3,346	Revenue Crown	3,046	4,046	3,046
2,750	Total expenses	3,020	4,046	3,046
596	Net surplus/(deficit)	26	-	-

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
88%	Delivery of the New Zealand Search and Rescue Council's work programme, which supports the Council's Strategic Plan (See note 1)	96% ²	90% or higher

Note 1: The calculation of this performance measure has been updated; please see page 31 for more information.

Note 2: The improvement in performance from the previous year relates to the changes that were made to the NZSAR Council and Secretariat. Improved governance, decision-making and reporting processes have resulted in a system uplift across the work programme delivery.

Search and Rescue Training and Training Coordination

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

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

This year, over 1,500 people attended 134 courses. Courses were delivered on a range of subjects including operational search techniques, search management and leadership.

Financial performance

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
1,358	Other revenue	1,788	1,458	1,753
1,358	Total expenses	1,528	1,458	1,753
-	Net surplus/(deficit)	260	-	-

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
85%	Percentage of planned search and rescue training courses that are delivered	86.3%	80% or higher

ASSESSMENT OF OPERATIONS

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

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

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
51,708	Revenue Crown	54,718	56,910	54,718
779	Other revenue	1,421	1,720	1,720
52,487	Total revenue	56,139	58,630	56,438
46,665	Total expenses	52,758	58,960	56,768
5,822	Net surplus/(deficit)	3,381	(330)	(330)

Policy Advice, Governance and Ministerial Services

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 (456 items)
 - Ministerial Official Information Act requests (83 requests)
 - Departmental Official Information Act requests (231 requests)
 - Parliamentary questions (623 written questions).

Financial performance

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
47,497	Revenue Crown	53,536	52,439	54,340
163	Other revenue	106	1,275	1,275
47,660	Total revenue	53,642	53,714	55,615
43,687	Total expenses	50,274	48,158	47,590
3,973	Net surplus/(deficit)	3,368	5,556	8,025

ASSESSMENT OF OPERATIONS

Non-financial performance

2025 Actual		2026 Actual	2026 Standards/Targets
Policy advice			
4.1	Satisfaction of the Transport Minister(s) with the policy advice service	4.4 ^{1,2,8}	Average score between 3 and 4 or higher
94%	Milestones contained in the output plan are completed as agreed, or as subsequently amended by the agreement between the Minister and the Chief Executive	83.2% ^{3,4}	90% or higher
100%	Percentage of policy papers that score 3.0 or higher	100% ⁵	90% or higher
29%	Percentage of policy papers that score 4.0 or higher	32% ^{5,6}	40% or higher
New Measure	Percentage of Regulatory Impact Statements that receive a quality assurance rating of either meets or partially meets	95% ^{3,7}	100%
Governance			
4.9	Satisfaction of the Transport Minister(s) with the governance advice service	4.3 ^{2,8}	Average score between 3 and 4 or higher
5.0	Satisfaction of the Transport Minister(s) with board appointments advice	4.0 ^{2,8}	Average score between 3 and 4 or higher
100%	Percentage of governance papers that score 3.0 or higher	100% ^{5,9}	90% or higher
17%	Percentage of governance papers that score 4.0 or higher	33.3% ^{5,6,9}	40% or higher
Ministerial Servicing			
95%	Percentage of Official Information Act requests to the Ministry replied to within statutory timeframes	99% ¹⁰	100%
81%	Ministerial correspondence replies and Ministerial Official Information Act replies completed within the timeframes agreed between the Ministry and the Office of the Minister	99% ¹¹	90% or higher

Note 1: The performance improvement in 2025/26 was due, in part, to the Ministry's continuous improvement approach to its policy advice.

Note 2: The Transport Ministers were surveyed using the DPMC Guide to the Ministerial Policy Satisfaction Survey. The survey includes questions with rating scales which are used to calculate an average score: Needs significant improvement = 1, Needs improvement = 2, Satisfied = 3, Very satisfied = 4 and Extremely Satisfied = 5.

Note 3: This measure is included to provide additional transparency on the quality of the Ministry's regulatory policy work.

Note 4: The reduction reflects changes in our work programme to meet priorities like the fuel crisis, and were agreed with the Minister.

Note 5: A sample of the Ministry's policy advice and 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 6: 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 7: The result for this measure is related to the fuel emergency response. It was developed under significantly compressed timeframes to meet urgent decision-making deadlines, which constrained the range of options able to be tested and consulted on. The quality assurance rating reflects these limitations.

Note 8: The result for these measures was lower or higher than the previous year due to an increase in the number of survey responses included in the calculation. The increase in sample size from one to two respondents affected the overall outcome and contributed to the lower or higher reported score.

Note 9: Six governance advice papers were assessed by NZIER. Out of the six, two papers scored 4.0 or higher, an improvement on last year.

Note 10: The performance improvement from 2024/25 reflects a focus on OIA timeliness. The one late response was due to an oversight.

Note 11: Following a functional review in late 2024, the Ministry moved to a more centralised approach for Ministerial correspondence and Official Information Act responses. This has resulted in improved timeliness.

ASSESSMENT OF OPERATIONS

Milford Sound/Piopiotahi Aerodrome

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.

A review of landing charges is underway in 2026/27 with an expectation that any changes will become effective from 2027/28.

Significant progress has been made in the operation of the aerodrome since the new aerodrome managers (Invercargill Airport) came on board. The processes that have been put in place have improved confidence about the operations and overall safety of the aerodrome.

Financial performance

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
525	Revenue Crown	-	-	-
514	Other revenue	1,242	1,128	1,128
1,039	Total revenue	1,242	1,128	1,128
978	Total expenses	1,182	1,128	1,128
61	Net surplus/(deficit)	60	-	-

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 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	Achieved	Achieved

Note 1: We did not achieve the standard in 2024/25 as the new landing fees only took effect in April 2025.

ASSESSMENT OF OPERATIONS

Fuel Excise Duty Refund Administration

The delivery of Fuel Excise Duty refunds is a Ministry responsibility that is undertaken on our behalf by NZTA. In 2025/26 NZTA processed more than 62,500 Fuel Excise Duty refunds.

Financial performance

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
3,686	Revenue Crown	1,182	3,668	1,180
102	Other revenue	73	120	120
3,788	Total revenue	1,255	3,788	1,300
2,000	Total expenses	1,302	3,788	1,300
1,788	Net surplus/(deficit)	(47)	-	-

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
8 working days	Average number of days taken to process refunds of fuel excise duty	2.16 working days ¹	20 working days or less

Note 1: NZTA went live with a new assurance and risk-based approach to assessing and approving Fuel Excise Duty (FED) claims in August 2025. The claims process is becoming more digitally based, and NZTA has developed some new digital tools to drive process efficiency. These changes have enabled the FED assessment process to become more streamlined, cutting the time it takes to process claims and has reduced the cost to meet our service delivery targets in FY 2026. This change has had no noticeable impact on the level of claims adjustments required and the integrity of the refunds process remains intact.

Departmental capital expenditure

Ministry of Transport – Capital Expenditure PLA

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

It is intended to achieve the renewal of assets in support of the delivery of the Ministry's services, including the Milford Sound/ Piopiotahi Aerodrome.

Financial performance

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
262	Departmental capital expenditure	619	250	1,400

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
100%	Expenditure is in accordance with the Ministry's capital expenditure plan and asset management plan	100%	100%

Section 05

Organisational health and capability

Organisational systems and processes

Developing and looking after our people

The Ministry of Transport has a focus on developing its people and supporting their careers in the public service. We attract and

retain talented individuals by drawing on the diverse skills, experiences and perspectives of our workforce.

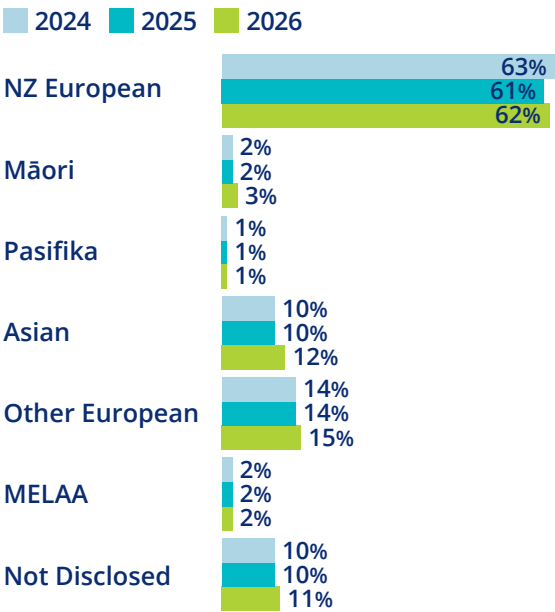
The tables below set out some key figures for our people, in comparison to previous years.

Key metrics – as at 30 June

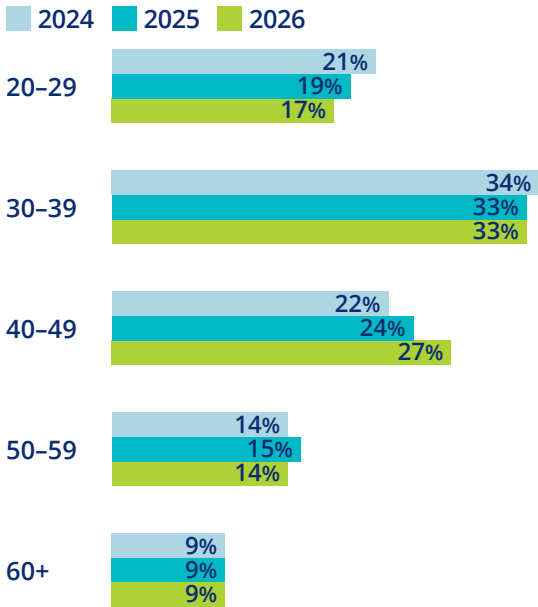
	2024	2025	➤	2026
Number of employees	238	206	➤	182
Gender pay gap (mean)	7.1%	7.6%	➤	2.4%
Female (excluding leadership roles)	110	92	➤	79
Female (in leadership role)	21	21	➤	23

	2024	2025	➤	2026
Male (excluding leadership roles)	92	77	➤	70
Male (in leadership role)	15	16	➤	9
Non-binary	0	0	➤	0
Permanent staff turnover	29%	31%	➤	32%

Ethnicity*



Age distribution



*Note total >100% due to staff being able to select up to three ethnicities

ORGANISATIONAL HEALTH AND CAPABILITY

Values

Our purpose and values were launched in 2024. Since then, the Ministry has continued to embed the purpose and values into our ways of working. We also celebrated our people living our values via our Values Awards which took place every six months.

**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 and development

We continued to focus on performance across the Ministry, utilising our performance management framework, team and individual performance objectives, and individual development plans to drive desired outcomes.

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

Organisational systems

As a Ministry, we continued to progress 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 ran progression rounds to recognise staff developing in their career
- our Remuneration Committee provided consistency and transparency to support pay equity
- providing modern technology that supported our staff to collaborate, communicate, analyse data and prepare advice and reports – ensuring our staff could work efficiently and effectively
- enabling the use of 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 worked on were:

Addressing bias | Te Urupare i te Mariu

Addressing awareness and mitigating bias from our policies, practices and process was our goal. We provided mandatory unconscious bias training for new starters and provided training to hiring managers to help them recognise unconscious bias.

Employee-led networks | Ngā tūhononga e kōkiritia ana e ngā kaimahi

A key focus of the DEI action plan was to support and reinforce the networks that existed at the Ministry. These networks provided our people with spaces to connect with others outside of the work environment. We had the following employee-led networks: Wāhine, Disability, Rainbow, Social Network, Māori and Pasifika, and Eco Group.

Gender and Ethnic Pay Gap

Kia Toipoto continued 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 was committed to fair treatment of employees and equality of employment opportunities.

All employees 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 supported our equal employment opportunities policy.

Wellbeing, Health and Safety

The Ministry recognised the importance of maintaining a healthy and safe workforce and workplace. The benefits we provided were fundamental to supporting a positive and inclusive culture. We continued 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.

We recorded the following health and safety incidents and near misses in 2025/26 and continue to encourage reporting from staff so appropriate action can be taken.

Type	2025/26	2024/25	2023/24
Incidents	4	0	2
No injury/ near miss	4	6	2

Improving Māori Crown relations capability

The Ministry continued to progress Hei Arataki, our Māori Strategy with a focus on practical actions and growing capability.

The Hei Arataki Sub-Committee was created, with the Chief Executive as chair. The sub-committee oversaw work on clarifying the Ministry's responsibilities under Te Tiriti o Waitangi, developing a protocol for welcoming international delegates and building staff capability through Wall Walk workshops.

All new starters were required to complete the Public Service Commission Induction, which includes modules dedicated to Te Tiriti o Waitangi me te Hononga ki te Māori | The Treaty of Waitangi and Māori Crown relationships. This ensures all staff have the opportunity to build a good base understanding of The Treaty of Waitangi and Māori Crown relationships to support them in their career in the public service.

We recognised the value of Māori language and customary practices in the workplace and continued to support our people to use te reo Māori and te ao Māori.

The Ministry continued to provide opportunities for staff to learn te reo and promoted its use during Māori Language Week.

As part of the transition of the Ministry to MCERT, the Ministry's waiata – gifted as a taonga – was formally acknowledged and retired, while karakia that are not organisation specific are being retained for ongoing use.

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 2026, 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

Section 06

Annual financial statements

Financial Performance

Column definitions

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

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

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2026

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 2025 \$000		Note	Actual 2026 \$000	Unaudited budget 2026 \$000
Revenue				
55,054	Revenue Crown		57,764	60,956
2,137	Other revenue	2	4,161	3,508
57,191	Total revenue		61,925	64,464
Expenses				
32,929	Personnel expenses	3	33,916	35,662
3,600	Contractual payments to Crown entities	4	2,902	6,188
71	Depreciation and amortisation expense	8	129	222
182	Capital charge	5	141	141
14,226	Other operating expenses	6	20,218	22,251
51,008	Total expenses		57,306	64,464
6,183	Net surplus		4,619	-
	Other comprehensive revenue			
802	Net gain on revaluation	8	-	-
6,985	Total comprehensive revenue and expense		4,619	-

Explanations of major variances against the 2025/26 budget are provided in Note 16.

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

As at 30 June 2026

The Statement of Financial Position reports the total assets and liabilities of the Ministry as at 30 June 2026. Equity is represented by the difference between the assets and liabilities.

Actual 2025 \$000		Note	Actual 2026 \$000	Unaudited budget 2026 \$000
Current assets				
11,259	Cash and cash equivalents		10,999	7,304
2,765	Debtors, prepayments and other receivables	7	1,089	1,058
14,024	Total current assets	14	12,088	8,362
Non-current assets				
1,982	Property, plant and equipment	8	2,465	1,048
1,982	Total non-current assets		2,465	1,048
16,006	Total assets		14,553	9,410
Current liabilities				
2,180	Creditors and other payables	9	3,861	3,388
2,677	Employee entitlements	10	1,630	2,089
431	Provisions	11	-	21
6,183	Return of operating surplus	12	4,559	-
11,471	Total current liabilities		10,050	5,498
Non-current liabilities				
909	Employee entitlements	10	817	1,088
909	Total non-current liabilities		817	1,088
12,380	Total liabilities		10,867	6,586
3,626	Net assets		3,686	2,824
Equity				
1,947	Taxpayers' funds	13	1,947	1,947
1,679	Revaluation reserve – Milford Sound/Piopiotaahi Aerodrome	13	1,679	877
-	Memorandum account	13	60	-
3,626	Total equity		3,686	2,824

Explanations of major variances against the 2025/26 budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2026

Actual 2025 \$000		Note	Actual 2026 \$000	Unaudited budget 2026 \$000
2,824	Balance at 1 July		3,626	2,824
6,985	Total comprehensive revenue and expense		4,619	-
	Owner transactions			
(6,183)	Return of operating surplus to the Crown		(4,559)	-
3,626	Balance at 30 June	13	3,686	2,824

Explanations of major variances against the 2025/26 budget are provided in Note 16.
The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

Statement of Cash Flows

For the year ended 30 June 2026

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

	Actual 2025 \$000	Actual 2026 \$000	Unaudited budget 2026 \$000
Cash flows from operating activities			
58,895 Crown revenue		59,534	61,286
1,538 Receipts from departments/Crown entities		2,404	1,678
691 Other revenue		1,294	1,600
(32,953) Personnel costs		(35,107)	(35,662)
(14,302) Operating expenses		(18,479)	(22,368)
(3,600) Contractual payments to Crown entities		(2,902)	(6,188)
1,189 Goods and Services Tax (net)		(20)	-
(141) Capital charge		(182)	(141)
11,317 Net cash flows from operating activities		6,542	205
Cash flows from investing activities			
(262) Purchase of property, plant and equipment		(619)	(250)
(262) Net cash flows from investing activities		(619)	(250)
Cash flows from financing activities			
(10,171) Return of operating surplus		(6,183)	-
(10,171) Net cash flows from financing activities		(6,183)	-
884 Net increase/(decrease) in cash and cash equivalents		(260)	(45)
10,375 Cash and cash equivalents at the beginning of the year		11,259	7,349
11,259 Cash and cash equivalents at the end of the year		10,999	7,304

Explanations of major variances against the 2025/26 budget are provided in Note 16.

The accompanying notes form part of these 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 2025 \$000		Actual 2026 \$000
6,183	Net surplus	4,619
	Add non-cash items	
71	Depreciation and amortisation expense	129
71	Total of non-cash items	129
	Add/(deduct) movements in Statement of Financial Position items	
4,875	(Increase)/decrease in debtors and other receivables	1,676
634	Increase/(decrease) in payables and provisions	1,257
(446)	Increase/(decrease) in employee entitlements	(1,139)
5,063	Net movements in Statement of Financial Position items	1,794
11,317	Net cash flows from operating activities	6,542

Explanations of major variances against the 2025/26 budget are provided in Note 16.
The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL STATEMENTS**Statement of Commitments**

As at 30 June 2026

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 2026 (2025: 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 four years. These commitments are disclosed below.

Actual 2025 \$000		Actual 2026 \$000
Operating lease as lessee		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
1,144	Not later than 1 year	1,870
166	Later than 1 year and not later than 5 years	4,403
-	Later than 5 years	-
1,310	Total non-cancellable operating lease commitments	6,273

There are no restrictions placed on the Ministry by its leasing arrangements. Certain lease agreements include rent-free periods. The benefit of the rent-free period is incorporated into the measurement of the lease commitment and recognised over the lease term. The lease commitment is reduced monthly as lease payments are made.

The Ministry currently occupies premises under a lease agreement that expires on 31 January 2030. The Ministry expects to relocate to an alternative accommodation around January 2027 arising from the establishment of MCERT.

As the contractual lease term extends beyond the expected relocation date, alternative arrangements are being led by the Government Property Office (GPO).

The Ministry expects that another government agency will occupy the premises following its relocation. As a result, management has assessed that the current lease agreement is not onerous as at 30 June 2026. The leased premises continue to provide service potential and no unavoidable costs have been identified that exceed the expected benefits or service potential derived from the lease. As a result, the Ministry's lease commitments of \$6.1 million for its Wellington office continue to be recognised in accordance with the terms of the current lease agreement.

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2026

Contingent liabilities

The Ministry has no contingent liabilities as at 30 June 2026 (2025: Nil).

Contingent assets

The Ministry has no contingent assets as at 30 June 2026 (2025: Nil).

The accompanying notes form part of these financial statements.

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

As at 30 June 2026

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 2026.

The financial statements were authorised for issue by the Chief Executive, Jeremy Lightfoot. Mr Lightfoot was appointed on 27 April 2026 and is the Chief Executive of the new Ministry for Cities, Environment, Regions and Transport (MCERT).

Disestablishment of the Ministry

In December 2025, the Government confirmed its plans to establish a new Ministry for Cities, Environment, Regions and Transport (MCERT), to support the Government's reforms in housing, transport, urban development, and the environment.

The new Ministry brings together the Ministry for the Environment, the Ministry of Housing and Urban Development, the Ministry of Transport, and local government functions from the Department of Internal Affairs into one new agency.

MCERT was formally established on 1 April 2026 and became operational from 1 July 2026. The legislation enabling the disestablishment of the Ministry of Transport was through an Order in Council passed on 16 February 2026 which amended the Public Service Act 2020. This allowed for the formal establishment of MCERT on 1 April 2026 and disestablishment of the Ministry of Transport on 1 July 2026.

As a result, the Ministry of Transport's existing functions, assets, liabilities and appropriations were transferred and amalgamated into MCERT on 1 July 2026. The Ministry of Transport ceased operations at the end of 30 June 2026 and did not undertake any transactions between this date and its disestablishment at the beginning of 1 July 2026. Accordingly, these financial statements represent the final annual report of the Ministry for the year ended 30 June 2026.

ANNUAL FINANCIAL STATEMENTS**Basis of preparation**

The financial statements have been prepared on the basis that the Ministry operated as a going concern throughout the reporting year. While the Ministry will cease to exist as a separate legal entity from 1 July 2026, its operations and service delivery will continue without material change within MCERT. Accordingly, the accounting policies have been applied consistently throughout the year, and no changes have been made to the recognition and measurement, or presentation of assets and liabilities in these financial statements, as these are expected to be realised or settled in the normal course of operations by MCERT.

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).

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. The amendment is effective for the year ended 30 June 2027. The Ministry has not yet assessed in detail the impact of these amendments.

PBE IFRS 17: Insurance contracts

PBE IFRS 17 establishes principles for recognising, measuring, presenting and disclosing insurance contracts, and will replace PBE IFRS 4. This standard is effective for the year ending 30 June 2027.

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

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.

Accounting judgements, estimates and assumptions

Significant judgements, outlined in Note 6: Investment In Joint Ventures, have been applied in accounting for the transfer of assets to the City Rail Link Project.

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 2026 budget figures are for the year ended 30 June 2026 and were published in the 2024/25 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 2026.

Pursuant to section 45BA of the Public Finance Act, forecast financial statements would normally be required to be disclosed. However, due to the disestablishment of the Ministry of Transport no forecast financial statements are presented. Future activities and associated financial information of the new departmental agency will be incorporated in the reporting for the Ministry for Cities, Environment, Regions and Transport.

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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 2025 \$000		Actual 2026 \$000
1,466	Crown entities and other departments	2,740
514	Milford Sound/Piopiotahi Aerodrome landing fees	1,242
157	Other recoveries	179
2,137	Total other revenue	4,161

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 2025 \$000		Actual 2026 \$000
31,464	Salary and wages	33,032
937	Employer contributions to defined contribution schemes	886
553	Other personnel costs	286
414	Increase in restructuring provision (Note 11)	-
(439)	Decrease in employee entitlements	(288)
32,929	Total personnel expenses	33,916

Note 4: Contractual Payments to Crown Entities

Actual 2025 \$000		Actual 2026 \$000
2,000	NZ Transport Agency: For fuel excise duty refund activity	1,302
800	Civil Aviation Authority: for rules programme activity	800
800	Maritime New Zealand: for rules programme activity	800
3,600	Total contractual payments to Crown entities	2,902

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 equity (adjusted for memorandum accounts) as at 30 June and 31 December each year for the previous six months. The capital charge rate for the year ended 30 June 2026 was 5% (2025: 5%).

Note 6: Other Operating Expenses

Accounting policy

Other expense

Other expenses are recognised as goods and services are received.

Actual 2025 \$000		Actual 2026 \$000
	Fees to auditor:	
-	• fees to Audit New Zealand for audit of financial statements – 2025/26	266
377	• fees to Audit New Zealand for audit of financial statements – 2024/25 and prior	23
2,968	Information technology expenses	7,557
3,249	Other professional services	4,230
3,184	Consultants	3,424
2,043	Accommodation and lease costs	2,364
1,241	Research expenses	967
487	Travel and training costs	719
677	Other operating expenses	668
14,226	Total other operating expenses	20,218

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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 from this assessment 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 2025 \$000		Actual 2026 \$000
Receivables from exchange transactions		
1,981	Other receivables	627
784	Prepayments	462
2,765	Total debtors, prepayments and other receivables under exchange transactions	1,089

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 \$34,032 were past due at 30 June 2026 (2025: \$26,032).

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 2026 (2025: \$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/Piopiotahi 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 and 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.

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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/Piopirotahi 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 2026. 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 three 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 2024	931	189	1,286	2,406
Additions	-	14	52	66
Work in progress	-	-	196	196
Revaluations	-	-	1,309	1,309
Impairment	-	-	(1)	(1)
Disposals	-	-	(17)	(17)
Balance at 30 June 2025	931	203	2,825	3,959
Additions	-	-	815	815
Work in progress	-	-	(196)	(196)
Disposals	(931)	(13)	-	(944)
Balance at 30 June 2026	-	190	3,444	3,634
Accumulated depreciation				
Balance at 1 July 2024	904	35	475	1,414
Depreciation	27	35	9	71
Revaluations	-	-	492	492
Impairment	-	-	(1)	(1)
Disposals	-	-	1	1
Balance at 30 June 2025	931	70	976	1,977
Depreciation	-	35	94	129
Disposals	(931)	(6)	-	(937)
Balance at 30 June 2026	-	99	1,070	1,169
Carrying amounts				
At 30 June 2024	27	154	811	992
At 30 June 2025	-	133	1,849	1,982
At 30 June 2026	-	91	2,374	2,465

Work in progress

As at 30 June 2026 there is no work in progress asset which relates to the Milford Sound/Piopiotahi Aerodrome (2025: \$196,155).

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 2025 \$000		Actual 2026 \$000
Payables under exchange transactions		
261	Trade creditors under exchange transactions	688
1,393	Accrued expenses	2,948
311	Revenue received in advance	30
Payables under non-exchange transactions		
215	GST payable	195
2,180	Total creditors and other payables	3,861

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.

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Presentation of employee entitlements

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	2026	2025	Salary Inflation	2026	2025
Year 1	2.97%	3.14%	Year 0	0.00%	0.00%
Year 2	3.75%	3.47%	Year 1	2.00%	1.99%
Year 3+	5.38%	5.58%	Year 2+	3.12%	2.89%

Actual 2025 \$000			Actual 2026 \$000
	Current portion		
861	Annual salary		18
1,580	Annual leave		1,396
126	Long service leave		143
110	Retirement leave		73
2,677	Total of current portion		1,630
	Non-current portion		
228	Long service leave		220
681	Retirement leave		597
909	Total of non-current portion		817
3,586	Total employee entitlements		2,447

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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	Total \$000
Balance at 1 July 2024	17	-	17
New provision	-	414	414
Balance at 1 July 2025	17	414	431
New provision	-	-	-
Amount used	(17)	(411)	(428)
Release of provision	-	(3)	(3)
Balance at 30 June 2026	-	-	-
Current liabilities	-	-	-
Non-current liabilities	-	-	-

Holidays Act compliance provision

The Ministry's previous payroll system was non-compliant with the Holidays Act 2003. The Ministry recognised a provision based on the estimated costs to remediate current and former employees of the Ministry due to the non-compliance with the Act. In June 2026, the provision was transferred to the Inland Revenue Department via the mechanisms in the Unclaimed Money Act 1971.

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 were completed in August 2025 and February 2026, respectively.

Note 12: Return on Operating Surplus

Actual 2025 \$000		Actual 2026 \$000
6,183	Net Surplus	4,619
-	Surplus of memorandum account	(60)
6,183	Total return of operating surplus	4,559

The return of operating surplus to the Crown is required to be paid by 31 October of each year.

Note 13: Equity

Accounting policy

Equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds, memorandum accounts and property revaluation reserves.

Memorandum accounts

Memorandum accounts reflect the cumulative surplus or deficit on those departmental services provided that are intended to be fully cost recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend towards zero over time.

Property revaluation reserves

These reserves relate to the revaluation of Milford Sound/Piopiotahi Aerodrome to fair value.

Actual 2025 \$000		Actual 2026 \$000
Taxpayers' funds		
1,947	Balance at 1 July	1,947
6,183	Net surplus/(deficit)	4,619
-	Transfer of memorandum account net (surplus)/deficit for the year	(60)
(6,183)	Return of operating surplus to the Crown	(4,559)
1,947	Balance at 30 June	1,947
Revaluation reserves – Milford Sound/Piopiotahi Aerodrome		
877	Balance at 1 July	1,679
802	Net gain on revaluation	-
1,679	Balance at 30 June	1,679
Memorandum account		
-	Balance at 1 July	-
-	Net memorandum account surplus/(deficit) for the year	60
-	Balance at 30 June	60
3,626	Total equity	3,686

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Further information about memorandum account is presented below:

Actual 2025 \$000		Actual 2026 \$000
	Milford Sound/Piopiotaahi Aerodrome activities	
	- Balance at 1 July	-
	- Revenue	1,242
	- Expense	(1,182)
	- Surplus/(deficit) for the year	60
	- Balance at 30 June	60

This memorandum account summarises financial information relating to the accumulated surpluses and deficits incurred in Milford Sound/Piopiotaahi Aerodrome activities on a full cost recovery basis.

The balance of the memorandum account is expected to trend towards zero over a reasonable period of time, with interim deficits being met either from cash from the Ministry's Statement of Financial Position or by seeking approval for a capital injection from the Crown. Capital injections will be repaid to the Crown by way of cash payments throughout the memorandum account cycle.

Capital Management

The Ministry's capital is its equity, which comprises taxpayers' funds and is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities and compliance with government budget processes, Treasury Instructions and the Public Finance Act 1989.

The objective of managing the Ministry's equity is to ensure that the Ministry effectively achieves its goals and objectives for which it has been established while remaining a going concern and operating in a financially prudent manner.

Note 14: Financial Instrument Categories

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

Actual 2025 \$000		Actual 2026 \$000
	Financial assets measured at amortised cost	
11,259	Cash and cash equivalents	10,999
2,765	Debtors and other receivables	1,089
14,024	Total financial assets measured at amortised cost	12,088
	Financial liabilities measured at amortised cost	
1,965	Creditors and other payables	3,666
1,965	Financial liabilities measured at amortised cost	3,666

Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Ministry has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow it to enter into any transactions that are speculative in nature.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Ministry makes purchases of goods and services overseas that require it to enter into transactions denominated in foreign currencies and, as a result, exposure to currency risk arises. The extent of foreign currency transactions entered into is considered to be immaterial and accordingly, no sensitivity analysis has been completed.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument or the cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Ministry has no exposure to interest rate risk because it has no interest-bearing financial instruments.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss. In the normal course of its business, credit risk arises from debtors and other receivables and deposits with banks.

The Ministry is permitted to deposit funds only with Westpac, a registered bank. Westpac bank has a high credit rating of AA- (Standard and Poor's credit rating). For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and debtors and other receivables. There is no collateral held as security against these financial instruments.

Although cash and cash equivalents as at 30 June 2026 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet its commitments as they fall due. As part of meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

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Note 15: 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 2026 (2025: Nil).

Key management personnel compensation

Actual 2025		Actual 2026
Leadership team, including the Chief Executive		
2,028	Remuneration (\$000)	2,197
6.0	Full-time equivalent staff	6.1

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 16: Explanation of Major Variances against Budget 2026 Figures

Explanations for major variances from the Ministry's original 2025/26 budget figures are as follows:

Statement of Comprehensive Revenue and Expense

Revenue Crown

Crown revenue was \$3.192 million lower than originally budgeted due to some funds no longer being required. The main changes were:

- A decrease of \$2.192 million in the *Policy advice, ministerial servicing, governance, and other functions appropriation*, mostly due to:
 - \$2.488 million return of Fuel Excise Duty Refund Administration funding following the achievement of operational efficiencies.
- A decrease of \$1 million in the *Search and Rescue Activity Coordination PLA* due to a one-off return of uncommitted funding on planned activities.

Personnel expenses

Personnel costs were lower than budget by \$1.746 million due to fewer FTEs and contractors than initially budgeted. The Ministry carried more vacant positions than originally forecast with the pending merger into MCERT.

Contractual payments to Crown entities

Contractual payments to Crown entities were lower than budget by \$3.286 million mainly due to operational savings and efficiencies made by NZTA in 2025/26. These savings and efficiencies were not known when the budget for the current year was prepared and therefore were not reflected in the budget estimates.

Other operating expenses

Other operating expenses were under budget by \$2.033 million mostly due to less spending on consultancy than budgeted as a result of delayed and/or reduced project spend.

Statement of Financial Position

Property, plant and equipment

Property, plant and equipment is higher than budgeted by \$1.417 million mainly due to the additions in Milford Sound/Piopiotahi Aerodrome in 2025/26 that were not initially budgeted. Further, the revaluation of the Milford Sound/Piopiotahi Aerodrome in 2024/25 was not yet known when the budget for the current year was prepared.

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 17: Events after Balance Sheet Date

Disestablishment of the Ministry of Transport

On 1 July 2026, the Ministry was disestablished pursuant to legislation establishing the Ministry for Cities, Environment, Regions and Transport (MCERT). The Ministry's functions, powers, responsibilities, assets, liabilities, appropriations, commitments, and contingent liabilities transferred to MCERT on that date.

As a consequence of the disestablishment, these financial statements represent the Ministry's final annual report. The Ministry's activities will continue to be undertaken by MCERT from 1 July 2026. The disestablishment does not affect the financial results or financial position reported as at 30 June 2026.

Other events

No other events have occurred after the reporting date that would require adjustment to, or disclosure in, these financial statements.

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Non-departmental Statements and Schedules

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

Schedule of Non-Departmental Revenue and Receipts

For the year ended 30 June 2026

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

Actual 2025 \$000		Note	Actual 2026 \$000	Unaudited budget 2026 \$000
2,253,143	Indirect taxation	2	2,442,064	2,413,367
80,699	Other 'sovereign power' revenue	3	89,717	160,506
20,000	Dividend income		-	-
14,181	Other operational revenue	4	14,338	8,760
(73,322)	Share of profit/(loss) in joint ventures	6	(63,274)	-
2,294,701	Total non-departmental revenue and receipts		2,482,845	2,582,633

Schedule of Non-Departmental Expenses

For the year ended 30 June 2026

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

Further details are provided in the appropriation statements.

Actual 2025 \$000		Note	Actual 2026 \$000	Unaudited budget 2026 \$000
4,939,106	Non-departmental output classes		4,530,852	4,630,208
192,898	Other expenses incurred by the Crown		290,349	512,185
388,166	Non-departmental multi category appropriation expenses		114,368	107,512
20,771	Net impairment on receivables		15,122	25,000
818,390	GST expense		740,743	870,577
-	Net loss on investment in CRL	6	692,226	686,000
6,359,331	Total non-departmental expenses		6,383,660	6,831,482

Explanations of major variances against budget are provided in Note 11.

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 2026.

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Schedule of Non-Departmental Assets

As at 30 June 2026

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

Actual 2025 \$000		Note	Actual 2026 \$000	Unaudited budget 2026 \$000
Current assets				
622,863	Cash and bank balances		810,101	800,825
583,480	Receivables	5	105,033	130,925
Non-current assets				
1,932,755	Investment in joint ventures	6	104,728	67,739
-	Service concession asset	8	7,750	-
3,139,098	Total non-departmental assets		1,027,612	999,489

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.

Schedule of Non-Departmental Liabilities

As at 30 June 2026

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

Actual 2025 \$000		Note	Actual 2026 \$000	Unaudited budget 2026 \$000
Current liabilities				
1,247,116	Payables	9	913,319	573,819
1,247,116	Total non-departmental liabilities		913,319	573,819

Explanations of major variances against budget are provided in Note 11.

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 2026.

ANNUAL FINANCIAL STATEMENTS**Schedule of Non-Departmental Commitments***As at 30 June 2026*

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.

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 (2025: \$Nil).

Statement of Non-Departmental Contingent Liabilities and Contingent Assets*As at 30 June 2026*

This statement discloses situations which exist at 30 June 2026, 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 liabilities****Public Works Act claims**

As at 30 June 2026, there are six legal claims before the Land Valuation Tribunal (LVT) where CRL is either directly or indirectly involved as a party. These claims relate to the compensation for the subterranean land acquired for the construction of the CRL tunnel, an associated restrictive covenant and for injurious affection.

Further, as of 30 June 2026, CRL is a party to various claims and disputes (including claims relating to injurious affection to land caused by CRL construction and claims for compensation in relation to land acquisition) that have been served but not yet filed in the LVT.

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 LVT.

CRL's obligation regarding Project Alliance Agreement

Under the terms of the Project Alliance Agreement between CRL and Link Alliance (as varied), CRL has an obligation to make payments in relation to Limb 2 (corporate profit and overhead including painshare/gainshare) and Limb 3 (Key Result Area (KRA) payments). The Practical Completion Payment Certificate contains the provisional calculations of Limb 2 and 3 as at Practical Completion, including the KRA and Key Milestones achieved. The Limb 2 and 3 risk/reward framework continues to apply during the two-year Defect Period with the final financial outcome determined at Final Completion.

This contingent liability is classified as 'Unquantified' as estimating the final financial outcome of the contract requires a significant number of underlying assumptions, including a view on the likelihood of any risks eventuating and their possible financial implications.

Explanations of major variances against budget are provided in Note 11.

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 2026.

Obligation to make future milestone

Under the terms of the Project Alliance Agreement, CRL has an obligation to make future milestone payments if certain entitlement conditions are met. This contingent liability is classified as “unquantified” as there is judgment involved in assessing whether entitlement conditions have been met.

Quantifiable contingent liabilities

Actual 2025 \$000		Actual 2026 \$000
10,000	Transport Accident Investigation Commission emergency guarantee	10,000
161,000	New Zealand Transport Agency Clean Car Standard credits scheme	130,000
-	National Infrastructure Funding and Financing uncalled share capital	56,145
700	Joint Venture Airports share in operating losses for 2024/25	-
171,700	Total contingent liabilities	196,245

Emergency guarantee

The Minister of Finance has issued a \$10 million guarantee to the TAIC. This is expected to be a near permanent guarantee.

It is to be used in the event of a major transport accident (marine, air or rail), if the occurrence is beyond TAIC’s normal range of capabilities, and the usual channels for accessing emergency funding cannot be used. The guarantee will only be used to fund the first three weeks of the investigation, where TAIC needs to assure suppliers of specialist recovery equipment that funds are available to pay for the supply of that equipment.

It is difficult to judge whether the likelihood of the event that would trigger the liability is remote or not, and so it is recognised as a contingency for prudence. It is recognised at its maximum value of \$10 million.

Clean Car Standard scheme

The Clean Car Standard scheme became effective from 1 January 2023. Under the scheme, vehicle importers are charged for vehicles they import that have CO₂ emission to weight ratios above a set target, and they receive credits for vehicles that have CO₂ emissions to weight ratios below a set target.

As at the end of obligation year, importers held credits totalling \$156 million (2025: \$224 million). Of this amount, \$26 million (2025: \$63 million) is recognised as a provision, reflecting the expectation that these credits will likely be used to offset current charges. The obligation year for Fleet Average importers is 31 December 2025 and for Pay as you Go customers, it is 30 June 2026.

The remaining \$130 million (2025: \$161 million) is classified as a contingent liability. Under the current scheme policy settings, NZTA considers it more likely than not that these credits will not be utilised to offset future charges.

Explanations of major variances against budget are provided in Note 11.

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 2026.

ANNUAL FINANCIAL STATEMENTS**Uncalled Share Capital**

A total of \$66.145 million in capital funding was appropriated in Vote Transport to support the concessionary loans for co-investment in public electric vehicle charging infrastructure. This arrangement is governed by a Share Subscription Agreement (the Agreement) between National Infrastructure Funding and Financing (NIFFCo.) and the Ministry. Under the Agreement, NIFFCo. will issue call notices to the Ministry when capital funding is required to implement the loan payments to borrowers.

In 2025/26, NIFFCo. issued a call notice for an initial drawdown of \$10 million. The Crown, being the shareholder under the Agreement, is legally obligated to pay the unpaid portion of the subscribed shares up to \$56.145 million, when NIFFCo. issues further call notices in accordance with the Agreement.

Contingent assets

The Ministry had no contingent assets held on behalf of the Crown as at the balance date (2025: \$Nil).

Explanations of major variances against budget are provided in Note 11.

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 2026.

Notes to Non-departmental Statements and Schedules

For the year ended 30 June 2026

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 2025 \$000		Actual 2026 \$000
2,019,156	Road user charges	2,088,385
17,095	Track user charges	17,552
286,793	Motor vehicle registration fees	401,892
2,323,044	Sub-total	2,507,829
(69,901)	Fuel excise duty refunds	(65,765)
2,253,143	Total indirect taxation	2,442,064

Note 3: Other 'Sovereign Power' Revenue

Actual 2025 \$000		Actual 2026 \$000
72,524	Clean Car Standard Charges	51,088
8,007	Safety Camera Infringement	38,527
168	Infringement fees – tolls and other	102
80,699	Total other 'sovereign power' revenue	89,717

Note 4: Other Operational Revenue

Actual 2025 \$000		Actual 2026 \$000
14,163	Tolling revenue (see note 7)	14,338
18	Road user charges administration fees	-
14,181	Total other operational revenue	14,338

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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 2025 \$000		Actual 2026 \$000
Non-exchange revenue		
53,056	Motor vehicle registration fees	58,370
57,129	Road user charges revenue	51,137
3,140	Safety Camera Infringement	7,559
4,316	Track user charges	4,258
10,027	Clean Car Standard Charges	3,904
-	Output funding receivable from KiwiRail	554
483,547	Output funding receivable from New Zealand Transport Agency	-
3,510	Output funding receivable from Civil Aviation Authority	-
500	Output funding receivable from Aviation Security Service	-
589	Output funding receivable from Maritime New Zealand	-
615,814	Total non-exchange revenue receivables	125,782
Exchange revenue		
3,389	Tolling revenue	10,872
3,389	Total exchange revenue receivables	10,872
619,203	Sub-total	136,654
(35,723)	Provision for doubtful debts	(31,621)
583,480	Total receivables	105,033

The carrying value of receivables approximates their fair value.

For motor vehicle registration fees and road user charges 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 slight decrease in the road user charges and track user charges receivable balance as at 30 June 2026 (\$55 million) compared to 2025 (\$61 million) in part due to improved rates of collection over FY26 and outreach campaigns to reduce extent of new RUC invoices created.

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.

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The ageing profile of receivables is shown below:

2024/25				2025/26		
Gross \$000	Impairment \$000	Net \$000		Gross \$000	Impairment \$000	Net \$000
572,211	3,310	568,901	Not past due	87,361	9	87,352
6,431	3,346	3,085	Past due 1–30 days	6,613	2,294	4,319
4,481	2,688	1,793	Past due 31–60 days	5,138	2,403	2,736
10,076	6,826	3,250	Past due 61–90 days	4,430	2,539	1,891
26,004	19,553	6,451	Past due > 90 days	33,112	24,376	8,735
619,203	35,723	583,480	Total	136,654	31,621	105,033

The expected credit loss rates for receivables at 30 June 2026 are based on the payment profile of revenue on credit issued over the prior year relative to 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. The receivables have been grouped on the days past due.

Receivables have been assessed on a collective basis as they possess shared credit risk characteristics, except for those categorised as “significant debtors”, where the customer’s total debt owing is over \$10k, whose recovery rate has been assessed individually.

The allowance for credit losses at 30 June 2026 was determined as follows:

30 June 2026	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	0.01%	34.69%	46.76%	57.31%	73.62%	23.14%
Gross carrying amount (\$000)	87,361	6,613	5,138	4,430	33,112	136,654
Lifetime expected credit loss (\$000)	9	2,294	2,403	2,539	24,376	31,621

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 existing 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.

	Expected credit loss on receivables \$000	10% increase \$000	15% increase \$000	20% increase \$000
Not past due	9	9	9	9
Past due 1–30 Days	2,294	2,488	2,598	2,700
Past due 31–60 days	2,403	2,593	2,706	2,808
Past due 61–90 days	2,539	2,735	2,854	2,960
Past due over 90 days	24,376	24,673	25,491	25,756
Total	31,621	32,498	33,658	34,233
Movement		877	2,038	2,612
Percentage of movement		2.77%	6.44%	8.26%

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Note 6: Investment in Joint Ventures

Actual 2025 \$000		Actual 2026 \$000
27,275	Joint venture airports	27,520
1,905,480	City Rail Link Limited	77,208
1,932,755	Total investment in joint ventures	104,728

Joint Venture Airports

Actual 2025 \$000		Actual 2026 \$000
4,490	Gains/(losses) generated by joint ventures	(268)
4,490	Share of net asset increase/(decrease) in joint ventures	(268)
2,412	Capital payments made during the year	513
6,902	Total change in investment value	245

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 2026 is based on the annual financial statements of each airport for the year ended 30 June

City Rail Link Limited

Actual 2025 \$000		Actual 2026 \$000
(77,812)	Share in CRLL's net income/(loss)	(63,006)
(77,812)	Share in the changes in total comprehensive revenue and expense	(63,006)
	Share in owners' transactions recognised by CRLL as capital withdrawal:	
-	Station and Railway Assets	(1,893,402)
-	Project Land	(38,474)
-	Residual Land	(7,391)
-	Total share in owners' transactions recognised as capital withdrawal	(1,939,267)
219,001	Capital payments made during the year	174,000
219,001	Total share in owners' transactions	(1,765,267)
141,189	Total change in investment value	(1,828,272)

City Rail Link Limited (CRLL) 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 2026, CRLL recognised revenue of \$2 million (2025: \$4 million), a deficit of \$125 million (2025: \$156 million), assets of \$237 million (2025: \$3,861 million), liabilities of \$83 million (2025: \$51 million) and equity of \$154 million (2025: \$3,528 million).

Practical Completion

Practical Completion of the City Rail Link was achieved on 30 June 2026 when the Project Alliance Agreement Schedule 22 Certificate of Practical Completion Part 2 was signed by all parties (CRL Ltd, Link Alliance, Other Alliance Participants, Auckland Transport, KiwiRail). 'Completion' means that the assets involved will be available for use.

Following Practical Completion, project assets totalling \$3.864 billion were transferred to Auckland Council (via Auckland Transport) and the Crown (via KiwiRail Holdings Ltd).

The value of the transfer of core project assets is per the Asset Transfer Agreement between the parties. The value is defined as the "Initial Transfer Value" and is based on the book value of the assets at 30 April 2026 and will be subject to a wash-up mechanism to determine the final transfer values in December 2026.

The Crown's share of \$1.939 billion is based on assumptions made by CRL in the determination of the asset transfer values to the respective parties including the apportionment of capitalised indirect overhead costs. An apportionment of the book value of the property assets was undertaken to determine the value of the CRL Project Land and the Residual Land (being land not required for the ongoing operation of the CRL assets) for the purposes of the asset transfer. This required judgement about the boundaries of the land and subterranean land required for railway purposes in advance of the survey plans being finalised and titles being created, and the extent to which the project infrastructure constrained future use of the land.

The Ministry has determined whether control exists over the assets being transferred by considering legal ownership and other factors such as whether the Crown has enforceable rights to the service potential or the ability to generate economic benefits arising from the resource.

As a result, the majority of the Crown's investment in CRL is derecognised in 2025/26. CRL will continue to have certain roles and responsibilities after Practical Completion, including managing obligations during the defects liability period, before the company is ultimately wound down.

The Government's share of CRL commitments excluding claims is \$46 million (2025: \$137 million). The decrease in commitments in 2026 is due to the achievement of Practical Completion on 30 June 2026 and the resulting completion of the project's capital works. The remaining commitments relate to post-completion obligations and activities.

Transfer of assets

The transfer of assets is treated as a capital withdrawal. Accordingly, CRL has recognised the transfer as an owners' transaction in its Statement of Changes in Equity. The assets transferred as at 30 June 2026 were recognised at their carrying value, which are estimated not to differ materially from their fair value. The combined value of the assets transferred relevant to the Crown includes:

- station and railway assets transferred to the Crown (through KiwiRail Holdings Limited) of \$1,194 million;
- CRL Project Land relating to Railway Land of \$46 million, for which legal title was transferred to Auckland Council; and
- Residual Land of approximately \$15 million, for which legal title was transferred to Auckland Council.

The Crown has recognised its investment in KiwiRail Holdings Limited (KHL) equivalent to the value of the Railway Assets of \$1,194 million. Legal title to the assets was transferred to KHL, which issued shares as evidence of the Crown's investment.

Significant judgement has been applied in accounting for the Railway (Project) Land and the Residual Land, where respective titles have been transferred to the Auckland Council.

ANNUAL FINANCIAL STATEMENTS**CRL Project Land**

The Railway Land component of the CRL Project Land legally transferred to Auckland Council is considered temporary until the legalisation process is completed. The Crown has recognised this as an asset through its investment in New Zealand Railways Corporation (NZRC) because:

- NZRC retains substantive control over the Railway Land;
- NZRC currently and ultimately benefits from the land, operating on it at a nominal rent until final transfer;
- The Railway Land will be vested to NZRC at nil purchase price once legalisation is complete; and
- NZRC holds the risks and rewards of ownership during and after the legalisation process.

Residual Land

Residual Land represents land that becomes surplus once the project is completed. Titles to the Residual Land are transferred progressively by CRL to Auckland Council, who then manages its sale or disposal. The Crown retains 50% ownership of the interest in the proceeds, giving rise to a contractual right to receive cash from Auckland Council.

During the year, land valued at approximately \$15 million was transferred by CRL to Auckland Council. Accordingly, the Crown has recognised a financial asset (receivable) of approximately \$7 million, representing its 50% share of the Residual Land's value.

The values that the asset transfers have been accounted for, in particular land, are not yet final. There remain some limited finalisation costs to flow through from CRL and final asset allocations to be agreed between the sponsors.

Net loss on investment in CRL

The total loss on investment in CRL of \$692 million recognised in 2025/26 (2024/25: nil) is represented by:

Actual 2025 \$000	Actual 2026 \$000
- Railway Assets	1,193,644
- Railway Land	46,006
- 50% Interest on Residual Land	7,391
- Total received (in substance) from CRL assets distribution	1,247,041
- Less 50% share in owners' transactions recognised as capital withdrawal	1,939,267
- Net loss on investment in CRL	692,226

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 3.76% – the weighted average cost of the Treasury's nominal bonds outstanding as at 30 June 2026, which includes 15 basis points for administration costs (2025: 3.55%). This rate will be reviewed annually.

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Since the commencement of the project:

Actual 2025 \$000		Actual 2026 \$000
158,000	Funding provided for construction	158,000
174,585	Notional interest charged since funding first drawn	181,231
(154,088)	Tolling revenue since February 2009	(168,426)
178,497	Balance at 30 June	170,805

Current Year:

Actual 2025 \$000		Actual 2026 \$000
186,115	Balance at 1 July	178,497
6,545	Notional interest charge for the year	6,646
(14,163)	Tolling revenue for the year	(14,338)
178,497	Balance at 30 June	170,805

Note 8: Service Concession Asset

Accounting Policy

The Ministry initially measures a service concession asset at its fair value. Fair value has been assessed as equivalent to costs incurred. A service concession liability is also recognised equivalent to the same amount as the service concession asset, adjusted by the amount of consideration received from the grantor to the operator.

After initial recognition, service concession assets shall be accounted for in accordance with PBE IPSAS 17 Property, Plant and Equipment.

Service Concession Arrangement

The Ministry (the Grantor) has entered into a service concession arrangement with MBL (the Operator), a Joint Venture between McCallum Bros Limited and Nova Marine Carriers SA for the provision of long-term freight shipping services to the Chatham Islands and Pitt Island.

The Grantor provides the Operator with the funding to obtain an asset which is then used to provide a specified service over a specific period of time on behalf of the Grantor to the public or community of the Chatham Islands.

The arrangement is considered to be a service concession arrangement under *PBE IPSAS 32 Service Concession Arrangement: Grantor*, which is defined as a binding arrangement between a grantor and an operator in which:

- the operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

The Ministry is providing funding to procure a vessel to provide freight and passenger services to support access to the Chatham Islands. The arrangement requires MBL to use the vessel procured in accordance with the schedule agreed with the Ministry for an initial period of 20 years. The provision of such service is characterised as a public service as the Chatham Islands currently has no other options to transport freight of volume greater than what Air Chathams can offer. MBL is compensated for the services provided under the arrangement as it obtains a right to operate the ship and is able to charge a fee for the freight and passenger services provided, as well as negotiate and set increases in various elements that make up this fee. MBL is also able to provide additional

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sailings, over and above the requirements of the Ministry to different destinations for a fee, provided the Ministry is aware of the increased sailings, and these additional sailings do not interfere with the minimum specified sailings.

The Ministry's contractual rights include specifying minimum service levels, approving fares, and a residual interest in the vessel at the conclusion of the arrangement. Collectively, these rights give the Ministry control over the asset.

The Ministry retains significant residual interests through contractual rights including call-option arrangements and other security provisions associated with the funded asset. When the call option is exercised the Ministry has rights to any residual interest up to the amount of its contribution.

The Ministry's commitment is capped at \$24.3 million. As at 30 June 2026, the construction of the vessel had begun. The remainder of the Ministry's commitment is expected to be met across the construction period. The new vessel is expected to be completed in the 2027/28 financial year, after which the services will commence for the agreed initial period of 20 years.

Should further funding be required to complete the vessel due to delays in construction or cost increases, then MBL will be responsible for additional funds.

The carrying amount of the service concession asset:

Actual 2025 \$000	Actual 2026 \$000
- Balance at 1 July	-
- Funding provided for the year	7,750
- Balance at 30 June	7,750

The Ministry has paid the Operator equivalent to the service concession asset, therefore, there is no service concession liability as at 30 June 2026.

Note 9: Payables**Accounting policy**

Short-term payables are recorded at the amount payable.

Actual 2025 \$000		Actual 2026 \$000
1,105,601	National Land Transport Fund revenue and output funding payable to New Zealand Transport Agency	819,171
63,756	Clean Vehicle Standard Charges	31,939
24,051	GST payable	29,935
16,210	Motor vehicle registration third party collections	14,739
29,285	Output funding payable to KiwiRail	12,072
4,184	Road user charges refunds	2,530
1,283	Output funding payable to Maritime New Zealand	575
-	Output funding payable to National Infrastructure Funding and Financing	77
58	Output funding payable to Airways New Zealand	46
309	Output funding payable to City Rail Link Limited	-
2,379	Output funding payable to other parties	2,235
1,247,116	Total payables	913,319

Note 10: Financial Instruments information and risks

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

Actual 2025 \$000		Actual 2026 \$000
Financial assets at amortised cost		
622,863	Cash and cash equivalents	810,101
494,675	Receivables	18,985
1,117,538	Total financial assets at amortised cost	829,086
Financial liabilities measured at amortised cost		
1,138,915	Payables	834,176
1,138,915	Total financial liabilities measured at amortised cost	834,176

Credit risk

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 \$810,101,000 (2025: \$622,863,000) in Westpac, there are no significant concentrations of credit risk.

The Standard & Poor's credit ratings for cash and cash equivalents held at Westpac is AA-.

Although cash and cash equivalents as at 30 June 2026 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Ministry has no exposure to cash flow interest rate risk because there is no interest on the bank accounts held with the bank.

Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due. As part of meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements. The Ministry maintains a target level of available cash to meet liquidity requirements. As at 30 June 2026, the expected cash outflows from payables maturing within six months is \$834,176,000 (2025: \$1,138,915,000). These amounts are the contractual undiscounted cash flows.

ANNUAL FINANCIAL STATEMENTS**Note 11: Explanation of Major Variances against Budget**

Explanations for major variances from the Ministry's non-departmental 2025/26 budget figures are as follows:

Schedule of non-departmental revenue and receipts

Non-departmental revenue and receipts were \$100 million below budget, mainly due to the Crown's share of City Rail Link Limited's losses that was not budgeted for.

Schedule of non-departmental expenses

Non-departmental expenses were \$448 million lower than originally budgeted. This was primarily due to lower expenditure than budgeted on:

- the recognition of a loss on the transfer of City Rail Link assets following Practical Completion was lower than originally allowed for. This loss reflects the transfer arrangement and reallocation of ownership interests rather than an operational cash loss.
- rail maintenance, renewal and weather recovery programmes which were rephased into future years as a result of project timing changes, delayed insurance settlements, and lower-than-forecasted delivery activity.
- Clean Vehicle Standard credits due to lower credit issuance and a reduction in the value of credits from 1 January 2026
- North Island Weather Events – Local Road Recovery as some larger bridge replacement projects progressed more slowly than expected through design, procurement and delivery phases, resulting in funding being rephased into later years.

GST expense was also lower than budget, largely as a result of lower underlying expenditures and activities than originally budgeted.

The decreases were partially offset by increases in expenditure for:

- 2026 Severe Weather Event Local Road Response and Recovery. A new appropriation to support the response and recovery works following the 2026 severe weather event. This appropriation reflects a reprioritisation of uncommitted funding from the 'North Island Weather Events – Local Road Recovery (2025–2030) MYA; and

- Government Policy Statement on Land Transport – Crown Funding for Transport Projects (Third Parties) (2025–2030) (MYA Expense), primarily reflecting project delivery and expenditure progressing more quickly than anticipated.

Schedule of non-departmental assets

The Crown's investment in joint ventures was \$37 million higher than budgeted. This is primarily investment in some remaining City Rail Link assets that will be transferred in 2026/27.

Schedule of non-departmental liabilities

Non-departmental liabilities were \$340 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 12: Events after Balance Sheet Date**Disestablishment of the Ministry of Transport**

On 1 July 2026, the Ministry of Transport was disestablished pursuant to legislation establishing the Ministry for Cities, Environment, Regions and Transport (MCERT). The Ministry's functions, powers, responsibilities, assets, liabilities, appropriations, commitments and contingent liabilities transferred to MCERT on that date.

The Ministry's activities undertaken on behalf of the Crown, as reported in these non-departmental schedules, will continue to be undertaken by MCERT from 1 July 2026. The disestablishment does not affect the financial results or financial position as reported in the non-departmental statements and schedules as at 30 June 2026.

Other events

No other events have occurred after the reporting date that would require adjustment to, or disclosure in, these financial statements.

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 2026.

Annual and permanent appropriations for Vote Transport

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Approved appropriation** \$000	End-of year performance information location*
Departmental output expenses					
2,750	Search and Rescue Activity Coordination PLA	3,020	4,046	3,046	1
1,358	Search and Rescue Training and Training Coordination	1,528	1,458	1,753	1
46,900	Transport – Policy advice, ministerial servicing, governance, and other functions	52,758	58,960	56,768	1
51,008	Total departmental output expenses	57,306	64,464	61,567	
Departmental capital expenditure					
262	Ministry of Transport – Capital Expenditure PLA****	619	250	1,400	1
262	Total departmental capital expenditure	619	250	1,400	
Non-departmental output expenses					
-	2026 Severe Weather Event – Local Road Response and Recovery (MYA Expense)	27,774	-	10,000	3
8,725	Accident or Incident Investigation and Reporting	8,949	8,949	8,949	2
-	Administration of loans for electrification and decarbonisation project co-investment	800	-	800	11
-	Airways New Zealand: Air Traffic Control Services for Ohakea	540	-	540	6
2,999	Civil Aviation and Maritime Security Services	2,242	2,242	2,242	4
76,272	Civil Aviation Authority – Core Functions	-	-	-	4

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		2025 Actual \$000	2026 Actual \$000	2026 Budget \$000	2026 Approved appropriation** \$000	End-of year performance information location*
50	Ground-Based Navigation Aids for Aviation Safety		-	400	-	6
4,001	Health and Safety at Work Activities – Civil Aviation		1,201	1,201	1,201	4
13,124	Health and Safety at Work Activities – Maritime		13,344	13,344	13,344	5
10,899	Maritime Regulatory and Response Services		10,402	10,602	10,602	5
3,933,916	National Land Transport Programme PLA***		3,894,792	3,894,459	3,917,742	3
40,232	New Zealand Transport Agency: Regulatory Functions PLA		34,870	34,870	34,870	3
5,820	New Zealand Transport Agency: Regulatory Services		6,261	7,660	6,560	3
3,788	Public Transport Bus Decarbonisation MYA		8,333	13,000	11,215	3
9,141	Rail – Grants MYA		9,599	12,762	9,826	6,7
742,695	Rail – Maintenance and Renewal of the Rail Network (2024–2028) MYA		411,112	523,018	442,781	6,7
15,032	Retaining and Recruiting Bus Drivers MYA		16,037	20,500	29,656	3
7,473	Road User Charges Investigation and Enforcement		7,579	7,579	7,579	3
2,032	Road User Charges Refunds		1,600	3,012	1,600	3
34,108	Search and Rescue and Recreational Boating Safety Activities PLA		45,644	46,837	46,042	6
28,799	Weather Forecasts and Warnings		29,773	29,773	29,813	6
4,939,106	Total non-departmental output expenses		4,530,852	4,630,208	4,585,362	
	Non-departmental other expenses					
4,064	Auckland City Rail Link – Operating MYA		-	-	-	6,7
-	Auckland City Rail Link – Operating		2,347	2,969	3,173	6,7
825	Auckland City Rail Link Targeted Hardship Fund MYA		529	-	573	9
-	Auckland City Rail Link Targeted Hardship Initiative		-	-	595	9
-	City Rail Link Limited – Final Asset Transfer (2025–2028) (MYA Expense)		692,226	824,000	824,000	1,7,9
63,257	Clean Vehicle Standard – Issue of Credits		2,855	115,000	115,000	3
-	Coastal Shipping Resilience Fund		3,035	10,000	9,700	3
84,418	Eastern Busway Project		-	-	-	3
824	Emergency Ocean Response Capability		3,361	6,360	3,426	5

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2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Approved appropriation** \$000	End-of year performance information location*
-	Government Policy Statement on Land Transport – Crown Funding for Transport Projects (Third Parties) (2025–2030) (MYA Expense)	79,766	10,000	46,637	3
1,032	Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant	31,044	24,950	39,765	1
980	Membership of International Organisations	998	1,013	1,073	8
-	New Zealand Transport Agency: Crown Funding for Transport Projects (Third Parties) (MYA Expense)	20,163	17,310	20,092	3
20,771	New Zealand Transport Agency: Doubtful Debt Provision	15,122	18,000	25,000	3
-	North Island Weather Events – Local Road Recovery (2025–2030) (MYA Expense)	113,873	159,959	116,001	3
150	Recreational Aviation Safety Activities PLA	202	202	202	6
22,104	Search and Rescue and related Frontline Safety and Prevention Services	30,843	32,922	31,104	6
779	Supporting Resilient Shipping to the Chatham Islands	1,333	500	2,663	6
57	Transport Connectivity with Isolated Communities	-	-	-	6
14,408	Water Search, Rescue and Safety Frontline Services	-	-	-	6
213,669	Total non-departmental other expenses	997,697	1,223,185	1,239,004	
Non-departmental capital expenditure					
219,000	Auckland City Rail Link – Capital (2024–2028) MYA	174,000	148,500	201,500	9
-	Civil Aviation Authority – Capital Injection (2025–2030) (MYA Expense)	20,000	32,100	33,000	4
1,186,000	Government Policy Statement on Land Transport – Capital Grant (2024–2028) MYA	1,173,066	1,350,686	1,256,692	3
460,000	Government Policy Statement on Land Transport Loan (2024 – 2028) MYA	450,000	910,000	720,000	3
38,500	Housing Infrastructure Fund Loans 2023–2028 MYA	15,000	50,000	142,950	3
2,413	Joint Venture Airports – Crown Contribution (2025–2030) (MYA Expense)	4,355	4,850	6,834	6
5,805	Maritime New Zealand Capital Expenditure PLA	6,096	3,155	5,984	5

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2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Approved appropriation** \$000	End-of year performance information location*
29,388	National Land Transport Programme Capital PLA***	200,799	15,873	-	3
-	New Zealand Transport Agency: Crown Funding for Transport Projects (Capital) (MYA Expense)	973,229	1,061,310	1,126,385	3
-	New Zealand Transport Agency: Short-Term Borrowing Facility	450,000	750,000	750,000	3
23,600	Ngauranga to Petone Shared Pathway Project	7,086	5,586	7,086	3
239,090	North Island Weather Events – State Highway Recovery MYA	183,777	118,592	244,814	3
-	Rail – Equity Injection for Transfer of Auckland City Rail Link Assets (2025–2027) (MYA Expense)	1,239,650	1,600,000	1,600,000	1,7,10
8	Rail – KiwiRail Equity Injection	-	2,500	8,600	6,7
378,380	Rail – KiwiRail Holdings Limited	416,637	663,355	459,700	6,7
-	Rail – Maintenance and Renewal of the Rail Network Capital Injection (2025–2028) (MYA Expense)	265,690	55,690	285,690	6,7
13,870	Rail – New Zealand Railways Corporation Equity Injection 2024–2029 MYA	15,369	23,500	101,312	6,7,10
-	Support for transport electrification and decarbonisation projects	10,000	-	10,000	11
-	Supporting a Chatham Islands Replacement Ship (2026 – 2028) (MYA Expense)	7,750	-	12,650	6
739,347	Capital Investment Package – Funding for Crown Assets MYA	-	-	-	3
11,825	Civil Aviation Authority – Capital Injection MYA	-	-	-	4
899	Regional State Highways MYA	-	-	-	3
3,348,125	Total non-departmental capital expenditure	5,612,504	6,795,697	6,973,197	
Multi-Category Expenses and Capital Expenditure					
12,246	Tuawhenua Provincial Growth Fund – Transport Projects MCA	4,629	10,318	4,629	1,3,7
Non-departmental output expenses					
121	Supporting Regional and Infrastructure Projects	350	350	350	
Non-departmental other expenses					
1,603	Enabling Infrastructure Projects	-	-	-	

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2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Approved appropriation** \$000	End-of year performance information location*
	Non-departmental capital expenditure				
9,860	Infrastructure Projects	-	-	-	
662	Rail Projects	4,279	9,968	4,279	
36,897	Improving Resilience of the Roding Network MCA	22,285	29,800	32,888	3
	Non-departmental output expenses				
970	Improving Resilience of the Roding Network – Operating Costs	135	800	800	
	Non-departmental other expenses				
9,712	Improving Resilience of the Roding Network – Local Roads	22,150	29,000	32,088	
	Non-departmental capital expenditure				
28,015	Improving Resilience of the Roding Network – State Highways	-	-	-	
-	Public Transport Concessions MCA	91,733	77,362	92,815	3
	Non-departmental output expenses				
-	Administration of Public Transport Concessions	308	308	308	
	Non-departmental other expenses				
-	Community Connect Programme Public Transport Concessions	12,809	12,000	12,000	
-	Public Transport Fuel Subsidy	5,431	-	5,500	
-	SuperGold Card Public Transport Concessions	41,492	40,719	41,600	
-	Total Mobility Scheme Local Share Funding Shortfall	8,376	-	10,000	
-	Total Mobility Services Concessions	23,317	24,335	23,407	
31,330	Community Connect Programme MCA	-	-	-	3
	Non-departmental output expenses				
645	Administration of the Community Connect Programme	-	-	-	
	Non-departmental other expenses				
10,422	Community Connect Programme – Public Transport Concessions	-	-	-	
20,263	Total Mobility Services Concessions	-	-	-	

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2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Approved appropriation** \$000	End-of year performance information location*
138,290	COVID-19 – NLTF Funding for Cost Pressures and Revenue Shocks MCA	-	-	-	3
	Non-departmental output expenses				
62,491	COVID-19 – NLTF Operating Cost Pressure and Revenue Shortfall Funding	-	-	-	
	Non-departmental capital expenditure				
75,799	COVID-19 – NLTF Capital Cost Pressure Funding	-	-	-	
40,642	SuperGold Card Enhanced Public Transport Concessions Scheme MCA	-	-	-	3
	Non-departmental output expenses				
95	Administration of the Public Transport Concessions Scheme	-	-	-	
	Non-departmental other expenses				
40,547	Public Transport Concessions for Cardholders	-	-	-	
15,208	Capital Investment Package – Operating MCA	-	-	-	3
	Non-departmental output expenses				
(1,695)	Operating costs	-	-	-	
	Non-departmental other expenses				
16,903	Third party projects	-	-	-	
34,715	Mode-Shift – Planning, Infrastructure, Services, and Activities MCA	-	-	-	3
	Non-departmental output expenses				
344	Mode-Shift – Operating Costs	-	-	-	
	Non-departmental other expenses				
34,371	Mode-Shift – Third-Party Projects and Activities	-	-	-	

ANNUAL FINANCIAL STATEMENTS

2025 Actual \$000		2026 Actual \$000	2026 Budget \$000	2026 Approved appropriation** \$000	End-of year performance information location*
195,401	North Island Weather Events – Road Response and Reinstatement MCA	-	-	-	3
	Non-departmental output expenses				
168,108	Local Road Recovery Costs	-	-	-	
23,266	Local Road Response Costs	-	-	-	
	Non-departmental capital expenditure				
4,027	Minor Resilience Works	-	-	-	
506,529	Total multi category appropriations	118,647	117,480	130,332	
9,058,699	Total annual and permanent appropriations	11,317,625	12,831,284	12,990,862	

* 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 and the Associate 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. National Infrastructure Funding and Financing Limited's annual report

** 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.

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Details of multi-year appropriations

	Commences	Expires	Appropriation at 1 July 2025 \$000	Increase/ (decrease) in funding \$000	Total funding \$000	Cumulative expenses to 1 July 2025 \$000	Current year expenses \$000	Cumulative expenses to 30 June 2026 \$000	Balance of appropriation remaining at 30 June 2026 \$000
Auckland City Rail Link – Capital (2024–2028)	1 July 2024	30 June 2028	650,147	-	650,147	219,000	174,000	393,000	257,147
Auckland City Rail Link Targeted Hardship Fund	1 July 2021	30 June 2026	6,000	(595)	5,405	4,832	529	5,361	44
Auckland Light Rail Strategic Land Acquisition	12 December 2022	30 June 2026	33,000	-	33,000	33,000	-	33,000	-
Civil Aviation Authority – Capital Injection MYA	1 July 2021	30 June 2026	69,219	(13,476)	55,743	55,743		55,743	-
Clean Car Discount – Administration	1 July 2021	30 June 2026	110,828	-	110,828	110,828	-	110,828	-
Coastal Shipping Resilience Fund	01 July 2024	30 June 2028	30,000	-	30,000	-	3,035	3,035	26,965
Government Policy Statement on Land Transport – Capital Grant (2024–2028)	01 July 2024	30 June 2028	3,456,000	-	3,456,000	1,186,000	1,173,066	2,359,066	1,096,934
Government Policy Statement on Land Transport Loan (2024–2028)	1 July 2024	30 June 2028	3,080,000	-	3,080,000	460,000	450,000	910,000	2,170,000
Housing Infrastructure Fund Loans 2023–2028 MYA	1 July 2023	30 June 2028	304,450	-	304,450	60,000	15,000	75,000	229,450
Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant	1 July 2024	30 June 2029	283,000	-	283,000	1,032	31,044	32,076	250,924
North Island Weather Events – State Highway Recovery	1 July 2024	30 June 2028	527,808	5,096	532,904	239,090	183,777	422,867	110,037
Public Transport Bus Decarbonisation MYA	1 July 2022	30 June 2027	23,044	(2,990)	20,054	8,509	8,333	16,842	3,212
Rail – Grants MYA	1 July 2022	30 June 2027	111,246	(7,000)	104,246	82,580	9,599	92,179	12,067
Rail – Maintenance and Renewal of the Rail Network (2024–2028)	1 July 2024	30 June 2028	1,740,848	(529)	1,740,319	742,695	411,112	1,153,807	586,512
Rail – New Zealand Railways Corporation Equity Injection 2024–2029	1 July 2024	30 June 2029	151,682	-	151,682	13,870	15,369	29,239	122,443
Retaining and Recruiting Bus Drivers	1 September 2022	30 June 2027	63,210	-	63,210	33,554	16,037	49,591	13,619
2026 Severe Weather Event – Local Road Response and Recovery	1 March 2026	30 June 2030	-	50,000	50,000	-	27,774	27,774	22,226
2026 Severe Weather Event – State Highway Recovery	1 March 2026	30 June 2030	-	1,000	1,000	-	-	-	1,000
Supporting a Chatham Islands Replacement Ship (2026–2028)	1 February 2026	30 June 2028	-	24,300	24,300	-	7,750	7,750	16,550
Rail – Maintenance and Renewal of the Rail Network Capital Injection (2025–2028)	1 July 2025	30 June 2028	463,620	136,900	600,520	-	265,690	265,690	334,830
City Rail Link Limited – Final Asset Transfer (2025–2028)	1 July 2025	30 June 2028	824,000	-	824,000	-	692,226	692,226	131,774
Civil Aviation Authority – Capital Injection (2025–2030)	1 July 2025	30 June 2030	48,000	18,476	66,476	-	20,000	20,000	46,476
Government Policy Statement on Land Transport – Crown Funding for Transport Projects (Third Parties) (2025–2030)	1 July 2025	30 June 2030	200,000	-	200,000	-	79,766	79,766	120,234
Joint Venture Airports – Crown Contribution (2025–2030)	1 July 2025	30 June 2030	9,500	3,084	12,584	-	4,355	4,355	8,229
New Zealand Transport Agency: Crown Funding for Transport Projects (Capital)	1 July 2025	30 June 2030	4,308,671	262,086	4,570,757	-	973,229	973,229	3,997,528
New Zealand Transport Agency: Crown Funding for Transport Projects (Third Parties)	1 July 2025	30 June 2030	77,950	15,887	93,837	-	20,163	20,163	73,674
North Island Weather Events – Local Road Recovery (2025–2030)	1 July 2025	30 June 2030	404,959	(48,274)	356,685	-	113,873	113,873	242,812
Rail – Equity Injection for Transfer of Auckland City Rail Link Assets (2025–2027)	1 July 2025	30 June 2027	1,600,000	-	1,600,000	-	1,239,650	1,239,650	360,350
			18,577,182	443,965	19,021,147	3,250,733	5,935,377	9,186,110	9,835,037

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Statement of Departmental Capital Injections

For the year ended 30 June 2026

The Ministry has not received any capital injections during the year (2025: Nil).

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

For the year ended 30 June 2026

The Ministry has not received any capital injections during the year Without, or in Excess of, Authority (2025: Nil).

Section 07

Appendix 1: Carbon Neutral Government Programme Report

Carbon Neutral Government Programme Report

Carbon Neutral Government Programme (CNGP)

The Ministry of Transport was 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 2025/26 emissions data have been independently verified against the ISO 14064-1:2018 standard by Toitū Envirocare.

Total annual emissions and their source

In FY2025/26, the Ministry reported gross emissions of 288 tCO₂e. Employee commuting, transportation and imported energy remained the most significant sources of emissions.

Our total emissions for FY25/26 are up 13% on the year prior, primarily due to changes in waste reporting methodology and additional waste generated during the Ministry's office relocation. Several operational emissions sources, including electricity consumption, employee commuting and working-from-home emissions, reduced compared with the previous year.

Despite the overall increase, emissions remained significantly below the Ministry's base year and below the emissions pathway required to achieve the programme's long-term reduction targets.

APPENDIX 1: CARBON NEUTRAL GOVERNMENT PROGRAMME REPORT

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	2025/26
1 Direct emissions	Scope 1	0	0	0	0	0	0	0
2 Indirect emissions from imported energy	Scope 2	57	52	49	49	51	52	48
3 Indirect emissions from transportation	Scope 3	311	50	68	216	195	187	206
4 Indirect emissions from products and services used by organisation		19	20	20	18	16	16	34
5 Indirect emissions associated with the use of products and services from the organisation		0	0	0	0	0	0	0
6 Indirect emissions from other sources		0	0	0	0	0	0	0
Total gross emissions (All measured emissions) in tCO ₂ e		387	122	137	283	262	255	288
Change in gross emissions (all Categories) from previous financial year			-68%	13%	106%	-7%	-3%	13%
Change in gross emissions (all Categories) since base year			-68%	-64%	-27%	-32%	-34%	-28%

Notes:

- Employee commuting was added as a new emission source in 2022/23
- These emissions results align with the latest MfE 2026 Measuring Emissions Guidance.

APPENDIX 1: CARBON NEUTRAL GOVERNMENT PROGRAMME REPORT**Emissions breakdown by selected sources against previous year and base year**

Emission Sources		FY2019/20 tCO ₂ e	FY2024/25 tCO ₂ e	FY2025/26 tCO ₂ e	
Air travel international*	R	222.5	46.92	74.46	↗
Air travel domestic*	R	72.8	18.85	21.36	↗
Employee commuting	L	-	108.71	96.04	✓
Electricity*	R	15.83	15.24	12.06	✓
Electricity distributed T & D losses*	R	1.57	1.16	0.91	✓
Natural gas*	R	40.96	36.99	36.38	✓
Natural gas distributed T & D losses*	R	3.62	1.18	1.08	✓
Mileage*	R	0.11	0.86	0.6	✓
Paper use	R	1.34	2.08	1.95	✓
Rental car*	R	3.05	0.25	0.06	✓
Taxis*	R	1.85	0.76	0.71	✓
Travel accommodation*	R	6.3	2.25	6.4	↗
Waste landfilled*	R	3.72	0.20	20.85	↗
Wastewater services*	R	8.24	9.8	8.31	✓
Water supply*	R	0.7	1.12	0.77	✓
Working from home*	L	4.94	8.53	5.81	✓

L = Limited Assurance**R** = Reasonable Assurance

* Mandatory emission sources under the CNGP

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.

During 2025/26 proxy data was used for employee commuting, paper and working from home calculations due to previous methods of calculation (e.g. staff survey for commuting data along with a change in availability of access control data due to our office relocation). These sources reduced compared to the previous year because of the reduced headcount.

Excluded Emission Sources

Significance screening identified several additional indirect emissions sources, including information and communication technology services, subscriptions, legal services and external consultancy services, as potentially material. Consistent with Carbon Neutral Government Programme guidance, these sources have not been included in the inventory where sufficient data was not available to support meaningful quantification. Opportunities to improve future data availability have been identified for consideration by the successor organisation.

APPENDIX 1: CARBON NEUTRAL GOVERNMENT PROGRAMME REPORT

Emissions intensity by FTE and expenditure

KPI	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Headcount	170	184	241	244	227	206	182
Expenditure (\$m)	47.99	44.24	55.42	60.74	54.44	52.40	57.15
Emissions intensity							
Total gross emissions per person in tCO ₂ e	2.27	0.66	0.56	1.15	1.15	1.24	1.58
Million dollars of expenditure per tCO ₂ e	8.06	2.75	2.47	4.66	4.81	4.87	5.04

Our progress against reduction targets

The Ministry set science-aligned reduction targets for all mandatory emissions sources under the CNGP, aligned with limiting global warming to 1.5 degrees Celsius above pre-industrial levels. As at 30 June 2026, the Ministry remained ahead of the emissions reduction pathway required to achieve these targets.

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

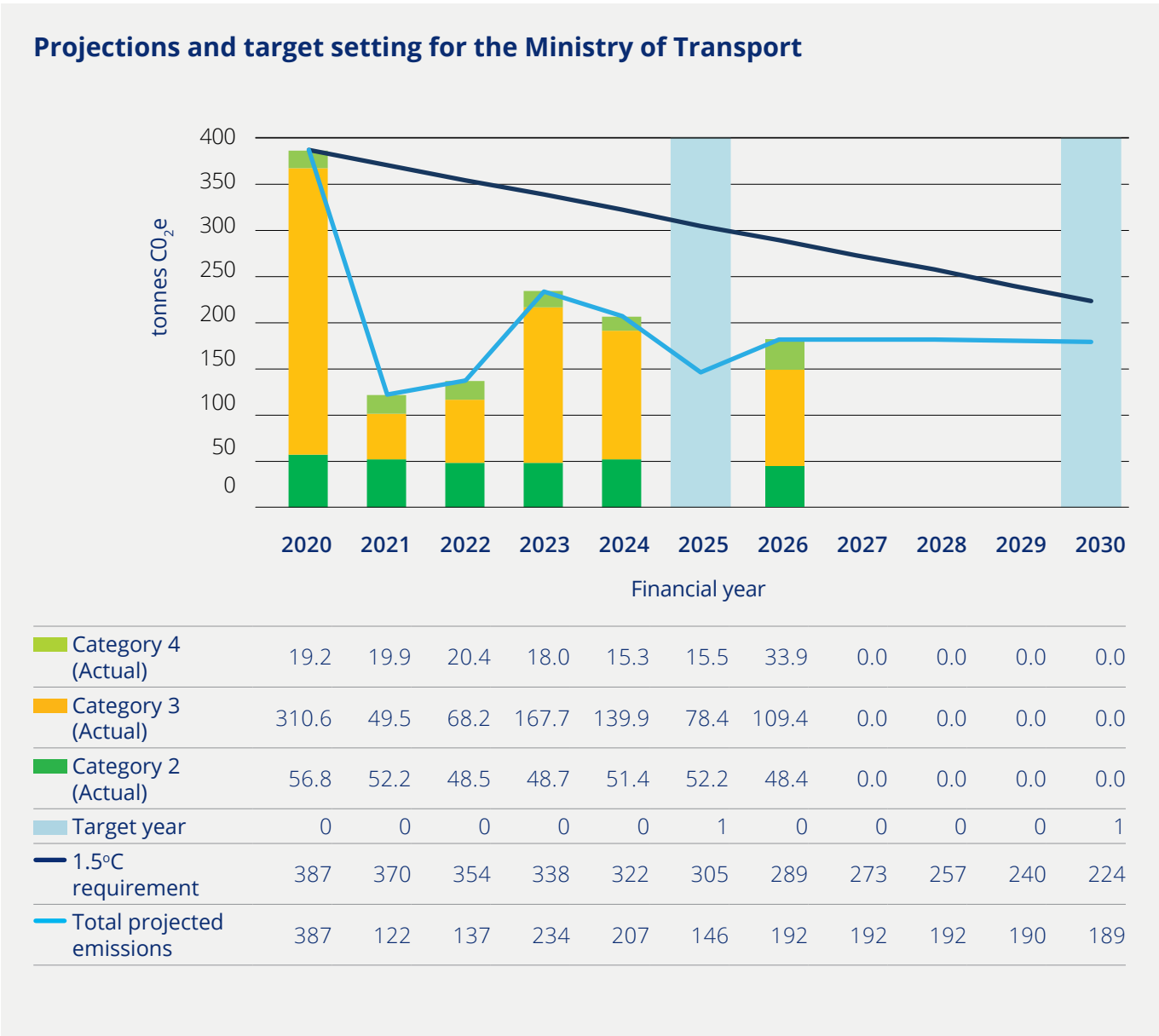
Result: With employee commuting excluded, as it was not included in the Ministry's base year inventory or associated reduction targets, the Ministry emitted 146 tCO₂e in FY2024/25. This represented a 62.3% reduction against the base year inventory and significantly surpassed the 2025 target of a 21% reduction.

We were 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: At the conclusion of the Ministry's participation in the CNGP, its emissions profile remained below the pathway required to achieve the 2030 science-aligned target. Although gross emissions increased in FY2025/26 compared with the previous reporting year, the increase was primarily attributable to changes in waste reporting methodology and one-off waste associated with the relocation of the Ministry's Wellington office. The Ministry nevertheless remained materially below its FY2019/20 baseline and ahead of the trajectory required to achieve the 2030 target.

APPENDIX 1: CARBON NEUTRAL GOVERNMENT PROGRAMME REPORT



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.



Independent Auditor's report

Independent Auditor's Report

To the readers of Ministry for Transport's annual report

for the year ended 30 June 2026

The Auditor-General is the auditor of Ministry for Transport (the 'Ministry'). The Auditor-General has appointed me, Ingrid Harris, using the staff and resources of The Audit Office, to carry out the audit of the information required to be audited on his behalf.

Opinion

We have audited:

- The financial statements of the Ministry that comprise the statement of financial position, statement of commitments, and statement of contingent liabilities and contingent assets as at 30 June 2026, 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 49 to 71.
- The end-of-year performance information for appropriations of the Ministry for the year ended 30 June 2026 on pages 18 to 22 and 27 to 41.
- The statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2026 on pages 87 to 96.
- The schedules of non-departmental activities managed by the Ministry on behalf of the Crown, that comprises the schedules of assets, liabilities, commitments, contingent liabilities and contingent assets as at 30 June 2026, the schedules of expenses and revenue for the year ended 30 June 2026, and the notes to the schedules that include accounting policies and other explanatory information on pages 72 to 86.

In our opinion:

- The financial statements of the Ministry present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Standards.
- The end-of-year performance information for each appropriation for the year ended 30 June 2026 is appropriate and meaningful and prepared in accordance with the Ministry's measurement bases or evaluation methods and Public Benefit Entity Standards, and presents fairly, in all material respects:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred.
- 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.



Emphasis of matter — Disestablishment of the Ministry

Without modifying our opinion, we draw attention to the disclosure in Note 1 on pages 55 and 56 of the financial statements, which explains the disestablishment of the Ministry and the basis for the preparation of the financial statements. The note explains that the Ministry was disestablished and its existing functions, assets, liabilities and appropriations transferred to and amalgamated into the new Ministry for Cities, Environment, Regions and Transport (MCERT) on 1 July 2026. The financial statements have been prepared on the basis that the Ministry operated as a going concern throughout the reporting year.

While the Ministry ceased to exist as a separate legal entity from 1 July 2026, its operations and service delivery have continued without material change within MCERT. Accordingly, the accounting policies have been applied consistently throughout the year, and no changes have been made to the recognition and measurement, or presentation of assets and liabilities in the Ministry's financial statements for the year ended 30 June 2026, as these are expected to be realised or settled in the normal course of operations within MCERT.

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 for the information to be audited* 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 Chief Executive and Secretary for Transport for the information to be audited

The Chief Executive and Secretary for Transport is responsible on behalf of the Ministry for preparing financial statements and end-of-year performance information for appropriations that are fairly presented and comply with Public Benefit Entity Standards and legislative requirements.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of end of year performance information for an appropriation that is appropriate and meaningful; and
- the preparation of end-of-year performance information for an appropriation in accordance with the Ministry's measurement bases or evaluation methods and Public Benefit Entity Standards and legislative requirements.

The Chief Executive and Secretary for Transport is responsible on behalf of the Ministry for preparing Statements of expenses and capital expenditure, schedules of non-departmental activities managed by the Ministry on behalf of the Crown in accordance with the Public Finance Act 1989 and Treasury Instructions.

The Chief Executive and 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 Chief Executive and Secretary for Transport is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive and Secretary for Transport is also responsible for disclosing as applicable, matters related to going concern, including that the Ministry ceased to exist as a separate legal entity from 1 July 2026.

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

INDEPENDENT AUDITOR'S REPORT



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 audit, our procedures are limited to checking that the information agrees to the Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2026. For performance information for appropriations, we agree any changes from the performance measures and standards in the Estimates to the Supplementary Estimates.

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 Chief Executive and Secretary for Transport.
- In respect of the end-of-year performance information for appropriations, we:
 - obtain an understanding of the process applied by the Ministry to select its elements/ aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods and evaluate whether these present an appropriate and meaningful assessment of the Ministry's service performance.
 - evaluate whether the end-of-year performance information for appropriations is prepared in accordance with the Ministry's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards.
- We evaluate whether the statements of expenses and capital expenditure, schedules of non-departmental activities have been prepared in accordance with legislative requirements.
- We conclude on the appropriateness of the basis of preparation adopted by the Chief Executive and Secretary for Transport. As described in the *Emphasis of Matter – Disestablishment of the Ministry*, the Ministry ceased to exist as a separate legal entity from 1 July 2026.
- 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 Chief Executive and Secretary for Transport regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.



Other information

The Chief Executive and 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.

Independence

We are independent of the Ministry in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2026, two members of the Risk and Assurance Committee are members of the Auditor-General's External Advisory Group. The Auditor-General's External Advisory Group does not assume any of the Audit Office's management functions. There are appropriate safeguards to reduce any threat to auditor independence, as members of the Auditor-General's External Advisory Group (when acting in this capacity) have no involvement in, or influence over, the audit of the Ministry.

The Auditor-General, as an Officer of Parliament, is constitutionally and operationally independent of the Government, and of public entities such as the Ministry. Prior to commencing his role as Auditor-General on 3 July 2025, the Auditor-General, Grant Taylor, was a member of the Risk and Assurance Committee of the Ministry. Therefore, the Deputy Auditor-General deals with all matters relating to the Ministry.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry.

Ingrid Harris
The Audit Office
On behalf of the Auditor-General
Wellington, New Zealand
30 September 2026

Reports on additional non-departmental appropriations

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

Minister of Transport Report on additional non-departmental appropriations

For the year ended 30 June 2026

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 (2024–2028)
- Search and Rescue and Recreational Boating Safety Activities PLA
- Weather Forecasts and Warnings

Non-departmental other expenses:

- Auckland City Rail Link – Operating
- 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 (2026–2028)
- Supporting Resilient Shipping to the Chatham Islands
- Water Search, Rescue and Safety Frontline Services
- City Rail Link Limited – Final Asset Transfer (2025–2028)

Non-departmental capital expenditure:

- Rail – KiwiRail Equity Injection
- Rail – KiwiRail Holdings Limited
- Rail – New Zealand Railways Corporation Equity Injection 2024–2029
- Rail – Equity Injection for Transfer of Auckland City Rail Link Assets (2025–2027) (M72) (A26)
- Rail – Maintenance and Renewal of the Rail Network Capital Injection (2025–2028) (M72) (A26)

Multi-category expenses and capital expenditure

- Tuawhenua Provincial Growth Fund – Transport Projects (M72) (A26)

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



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, and support environmental outcomes by maintaining the existing electric locomotive fleet, and improving community safety around railway lines and stations.

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
9,141	Non-departmental output expenses: Rail – Grants MYA	9,599	12,762	9,826

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 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

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
742,695	Non-departmental output expenses: Rail – Maintenance and Renewal of the Rail Network (2024/2028) MYA	411,112	523,018	442,781

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/ Targets
93% of project delivery targets met	Work is carried out as per the agreed programme	93% of project delivery targets met ¹	Project delivery targets are met

Note 1: Lower spend than forecast primarily due to Weather Recovery expenditure being rephased into FY27 to support culvert works and reflect the timing of insurance claim settlements. The Lower North Island Rail Integrated Mobility (LNIRM) programme delivery and construction plans are still being finalised, with expenditure rephased into FY27. In addition to this, there have been permanent cost savings on the Western Power Feed, Single Line Running Switches Business Case and Integrated Rail Management Centre programmes.

Rail – Maintenance and Renewal of the Rail Network Capital Injection (2025–2028)

This appropriation is limited to providing capital injections to KiwiRail Holdings Limited for capital investments in rail network infrastructure, including activities within the approved Rail Network Investment Programme.

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
New Appropriation	Non-departmental output expenses: Rail – Maintenance and Renewal of the Rail Network Capital Injection (2025–2028) MYA	265,690	55,690	285,690

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/ Targets
New Measure	Work is carried out as per the agreed programme	93% of project delivery targets met ¹	Project delivery targets are met

Note 1: Plant procurement delays have pushed out milestone payments into FY27, the Track – Rail Grinding national programme has been partially deferred to FY27 due to Auckland Metro's RCF requirements, with resources reprioritised to support Auckland metro. Telecoms – Realflex replacement project – ICONIS – has experienced delays due to system configuration, stability issues, and delivery complexity, an approved extension of time has shifted completion into FY27. Civils programme has been reprioritised to incorporate remediation, and resilience work following significant weather events impacted the Upper North Island NIMT network earlier in the year.

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
34,108	Non-departmental output expenses: Search and Rescue and Recreational Boating Safety Activities PLA	45,644	46,837	46,042

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
95%	Search and Rescue services are delivered to the Coordinating Authorities to an agreed quality level (see note 1)	89% ³	95% or greater
95%	Search and rescue capacity and capability is built to a level that supports operational delivery (see note 1)	96.7%	95% or greater
100%	Percentage of operations supported by NGO activities (see note 1)	97%	90% or greater
51%	Percentage of duty shifts at the Rescue Coordination Centre New Zealand that have a qualified Watch Leader (see note 1)	58% ⁴	75%
100%	The percentage of time communication services are available	100%	99.8% or greater
100%	The percentage of scheduled maintenance of radio sites completed (See note 2)	96.8%	90% or greater
100%	The percentage of allocated recreational craft investment funding paid out to key target areas	97.8%	95% or greater

Note 1: The previous measures have been retired and replaced with new measures that align with updated funding agreements.

Note 2: This measure has been removed as the provision of avalanche hazard advisory services will be measured as part of the new measures added below.

Note 3: The target of 95% satisfaction was not achieved, with satisfaction ratings of 84% for AREC, 92% for LandSAR, 84% for Coastguard, and 96% for Surf Life Saving New Zealand. Feedback from Coordinating Authorities was generally positive and reflected confidence in the professionalism, capability and operational support provided by these organisations. As the results were based on a relatively small number of responses, individual ratings had a greater impact on the overall result. Opportunities to strengthen the survey and certification process will be considered for future reporting periods.

Note 4: The result improved from 50.62% in 2024/25 to 58.06% in 2025/26 but remained below the 75% target. The five-watch roster model, supported by recruitment and training completed in the second half of the year, has increased the availability of qualified Watch Leaders and provided additional contingency cover. Performance is expected to improve as the model becomes embedded and the SARO onboarding and training programme strengthens the pipeline into Watch Leader roles.

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
28,799	Non-departmental output expenses: Weather Forecasts and Warnings	29,773	28,799	29,813

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
As per contract	Provision of agreed services	As per contract	As per contract
93%	Minimum percentage of forecasts of severe-weather events (heavy rain) which successfully predicted the event (probability of detection)	92.9%	Greater than 90%
10%	Maximum percentage of forecasts of severe-weather events (heavy rain) which are subsequently found to be false alarms (false alarm ratio)	14.1%	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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
-	Non-departmental other expenses: Auckland City Rail Link – Operating	2,347	2,969	3,173

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
85%	Work is carried out as per the agreed programme	85% ¹	100%

Note 1: Of the 9 milestones planned for FY26, 4 remain outstanding and are all estimated to be achieved by August 2026. The shift in CRL Day 1 has also resulted in a corresponding shift of the milestones.

City Rail Link Limited – Final Asset Transfer (2025–2028)

This appropriation is limited to losses resulting from decisions taken by Sponsors on ownership of City Rail Link assets and the transfer of assets from City Rail Link Limited to their eventual owners.

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
New Measure	Non-departmental other expenses: City Rail Link Limited – Final Asset Transfer	692,226	824,000	824,000

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
New Measure	Assets transferred as set out in Post Completion Notices issued by City Rail Link project sponsors	Achieved	Achieved

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
-	Non-departmental other expenses: Coastal Shipping Resilience Fund	3,035	10,000	9,700

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
New measure	Complete an investment round for the Coastal Shipping Resilience Fund	Achieved	Achieved
New measure	Funding allocated in accordance with investment criteria (see note 1)	100%	100%

The Coastal Shipping Resilience Fund was established in 2024/25. The measures have been amended to reflect the expected progress of the Fund.

Note 1: This measure shows that funding allocated during the period was allocated in accordance with all investment criteria.

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 Manawātū regions through the provision of co-funding alongside contributions from the National Land Transport Fund and the local councils.

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
1,032	Non-departmental other expenses: Lower North Island Rail Passenger Rail Network Improvements – Local Council Grant	31,044	24,950	39,765

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
New measure	Contract to deliver rolling stock and infrastructure enhancements is signed with the preferred supplier (following an independent assurance process)	Achieved	Achieved

Performance measures have been updated to reflect the expected progress of the programme. This is a MYA and long-term programme, the benefits of which are not able to be assessed in the short term.

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 when needed. This includes being prepared to support emergencies and related critical frontline safety and prevention services that require SAR expertise.

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
22,104	Non-departmental other expenses: Search and Rescue and related Frontline Safety and Prevention Services	30,843	32,922	31,104

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
New Measure	Frontline water services are delivered to the Coordinating Authorities to an agreed level (see note 1)	90% ²	95% or greater

Note 1: The previous measure has been retired and replaced with one that is more clearly defined.

Note 2: The target of 95% satisfaction was not achieved, with Coastguard recording 92% satisfaction and Surf Life Saving New Zealand recording 88%. While results were below target, survey feedback was strongly positive and reflected stakeholders' confidence in the professionalism, capability and operational support provided by both organisations. The results were based on a relatively small number of survey responses, meaning individual ratings had a greater influence on the overall result. Opportunities to strengthen the survey and certification process will be considered for future reporting periods.

Supporting a Chatham Islands Replacement Ship (2026–2028)

This appropriation is intended to meet the costs associated with building a new vessel for the provision of shipping services to the Chatham Islands.

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
New Appropriation	Non-departmental other expenses: Supporting a Chatham Islands Replacement Ship (2026–2028)	7,750	12,650	12,650

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
New Measure	Funding drawdowns align with agreed terms and milestones in the funding agreement	Achieved	Achieved

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Supporting Resilient Shipping to the Chatham Islands

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
779	Non-departmental other expenses: Supporting Resilient Shipping to the Chatham Islands	1,333	500	2,663

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
100%	Maintenance of the Southern Tiare complete	100%	100%

Water Search, Rescue and Safety Frontline Services

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

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
14,408	Non-departmental other expenses: Water Search, Rescue and Safety Frontline Services	-	-	-

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
New Measure	Frontline water services are delivered to the Coordinating Authorities to an agreed level (see note 1)	90% ²	95% or greater

Note 1: The previous measure has been retired and replaced with one that is more clearly defined.

Note 2: The target of 95% satisfaction was not achieved, with Coastguard recording 92% satisfaction and Surf Life Saving New Zealand recording 88%. While results were below target, survey feedback was strongly positive and reflected stakeholders' confidence in the professionalism, capability, and operational support provided by both organisations. The results were based on a relatively small number of survey responses, meaning individual ratings had a greater influence on the overall result. Opportunities to strengthen the survey and certification process will be considered for future reporting periods.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
8	Non-departmental capital expenditure: Rail – KiwiRail Equity Injection	-	2,500	8,600

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
0.1%	Property transactions are carried out in line with agreed outcomes	10% ¹	100%

Note 1: 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.

Rail – Equity Injection for Transfer of Auckland City Rail Link Assets (2025–2027)

This appropriation is limited to equity injections to KiwiRail Holdings Limited and New Zealand Railways Corporation for the transfer of assets from City Rail Link Limited.

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
-	Non-departmental capital expenditure: Rail – Equity Injection for Transfer of Auckland City Rail Link Assets (2025–2027)	1,239,650	1,600,000	1,600,000

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
0.1%	Assets transferred to either KiwiRail Holdings Limited or New Zealand Railways Corporation as set out in Post Completion Notices issued by City Rail Link project sponsors	Achieved	Achieved

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
378,380	Non-departmental capital expenditure: Rail – KiwiRail Holdings Limited	416,637	663,355	459,700

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
100%	Capital is invested in the New Zealand rail system as approved by shareholding Ministers	91% ¹	100%

Note 1: 9% variance primarily reflects the Drury Rail Stations programme deferring activities into FY27. Final property settlement provisions were rephased to align with the latest settlement forecast. Ngakaroa main contractor cashflows were updated after contract award and aligned with the latest delivery programme. Drury and Paerata stations physical works were completed, but practical completion and final account was moved into Q1 FY27. Savings were realised from contingencies not required on the main civil works contracts for Drury and Paerata. In addition to this, Rolling Stock Procurement delivered six South Island locomotives into service, but pre-shipping milestones were delayed for subsequent locomotives due to remediation of corrosion issues before leaving Spain, deferring a portion of payments into FY27.

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
13,870	Non-departmental capital expenditure: Rail – New Zealand Railways Corporation Equity Injection 2024–2029 MYA	15,369	23,500	101,312

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
15%	Property transactions are carried out in line with agreed outcomes	15% ¹	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.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Multi-category expenses and capital expenditure

Tuawhenua Provincial Growth Fund – Transport Projects

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

Financial performance

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
121	Non-departmental output expenses: Supporting Regional and Infrastructure Projects	350	350	350
1,603	Non-departmental other expenses: Enabling Infrastructure Projects	-	-	-
9,860	Non-departmental capital expenditure: Infrastructure Projects	-	-	-
662	Non-departmental capital expenditure: Rail Projects	4,279	9,968	4,279
12,246	Total	4,629	10,318	4,629

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 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%

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

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

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
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 2024/25.
Note 2: There were no claims for supporting regional and infrastructure projects in 2025/26.

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

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
100%	Work is carried out as per the agreed programme	100%	100%

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

Acting Minister of Transport Report on additional non-departmental appropriations

For the year ended 30 June 2026

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 2025 – 2030

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



Hon James Meager

Acting Minister of Transport

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
50	Non-departmental output expenses: Ground-Based Navigation Aids for Aviation Safety	-	400	-

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
Not Achieved	Equipment operational in accordance with agreed standards and timeframes	Achieved ¹	Achieved

Note 1: This project is on track with all works to be completed by June 2028.

REPORTS ON ADDITIONAL NON-DEPARTMENTAL APPROPRIATIONS

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
150	Non-departmental other expenses: Recreational Aviation Safety Activities PLA	202	202	202

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
Achieved	The development, maintenance and support services for Instrument Flight Procedures, as agreed with the Aviation Federation	Achieved	Achieved

Non-departmental capital expenditure

Joint Venture Airports – Crown Contribution 2025–2030

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

2025 Actual \$000	Performance measures	2026 Actual \$000	2026 Budget \$000	2026 Forecast \$000
2,413	Non-departmental capital expenditure: Joint Venture Airports – Crown Contribution 2025–2030	4,355	4,850	6,834

Assessment of performance

2025 Actual	Performance measures	2026 Actual	2026 Standards/Targets
100%	Percentage of compliance with the joint venture (see note 1)	100%	100%

Note 1: This measure has been transferred from the Joint Venture Airports – Crown Contribution 2023–2028 MYA.

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