

2025
2026

Statement of Performance Expectations

Board Statement

The Civil Aviation Authority of New Zealand (the CAA) certifies that the information contained in this Statement of Performance Expectations (SPE) reflects the operations and prospective financial statements including the appropriateness of the underlying assumptions of the CAA for the period 1 July 2025 to 30 June 2026.

In signing this statement, we acknowledge our responsibility for the prospective financial statements contained in this SPE.



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Contents

Introduction	4
Our strategic framework and how we position ourselves to deliver	10
What we do	12
Our building blocks	14
Modern regulatory delivery	16
People capacity and capability	17
Resources, systems and infrastructure	18
2025/26 Statement of Performance Expectations	20
How we're funded to deliver	20
Crown funding of our output class activities	21
Output Class 1: Policy and regulatory strategy	24
Output Class 2: Outreach	26
Output Class 3: Certification and licensing	28
Output Class 4: Monitoring, inspection and investigation	32
Output Class 5: Security service delivery	34
Changes to performance measures	36
Prospective Financial Statements	38
Notes to the prospective financial statements	43
Statement of significant underlying assumptions	43
Additional prospective financial information	54



Introduction

This document sets out the outputs of the Civil Aviation Authority of New Zealand (the CAA), and the standards against which we'll assess our performance in 2025/26.

The CAA is responsible for overseeing a safe and secure civil aviation system. Aviation is critical to New Zealand's economy through its global and domestic connections, the activity it enables, and the opportunities its reputation facilitates. Ninety-nine percent of people arriving in New Zealand do so by air and a significant proportion of New Zealand's high-value goods are transported by air. Aviation contributes 11% of New Zealand's GDP and enables over \$17 billion in its tourism economy.

Our sustained focus on delivering safety and security outcomes has resulted in a consistent decrease in aviation accidents and fatalities over a 20-year period.

Foundations for 2025/26

The foundations for our work in 2025/26 have been set by the April 2025 implementation of the Civil Aviation Act 2023 and by the completion of a thorough review and 'reset' of the organisation. This reset was driven by the new legislation and through a comprehensive programme of work to assess and improve our systems, processes and structure in a way that ensures that we can operate efficiently and effectively across our safety and security functions.

The changes reflect the need to improve performance and meet the pace of change and development in the aviation sector. While we maintain an absolute focus on safety and security, the CAA has an important role as an enabler of innovation, sustainable aviation activity, and economic growth through the delivery of efficient, effective and timely regulatory activities.

Improvements made to safety oversight regulatory activities

We enhanced our operational policies, completed process refinements and introduced new organisational capability.

The introduction of our new regulatory system 'Kapua' has removed the risk of operating on an unsupported legacy system and created further opportunities for improvements through data analysis and the direct participant engagement enabling swifter responses.

The CAA has continued its transition to be an effective modern regulator that is intelligence-led and risk-based, enabling better regulatory outcomes. By focussing on the areas of greater risk and removing regulatory burdens where there is less risk we are also able to drive efficiency through, for example:

- Reduced unmanned aircraft renewals (down from 15 months down to 8.6 months) with the anticipation of further gains in 2025/26.
- Improved timeliness and reduced wait times by 30-40% by batching certificate applications with similar risk profiles for assessment. This same activity reduced some unmanned aircraft applicants wait times to less than four months.
- Reduced renewal activity (and cost) by extending the initial certificate renewal period from two to five years.

In addition to the above, benefits from the organisational change are focussed on further timeliness and efficiency improvements in 2025/26. This is due to an increased number of frontline inspectors using improved systems, process, and regulatory tools to make informed intelligence-led, risk-based decisions that are less time intensive for both the CAA and participants.

An enhanced focus on policies, processes, work tools and training that supports staff to be effective regulators. The adoption and embedding of new ways of working which set clear expectations for how our people work together underpin organisational changes and performance uplift.

Improvements made to the delivery of aviation security services

The introduction of the following technologies provides opportunities in 2025/26 to improve the effectiveness and efficiency of the CAA's activities at security-designated airports across the country:

- CTiX 3D and Computed Tomography equipment provides greater detection capability and means passengers are no longer required to remove laptops, liquids, aerosols, and gels from their carry-on luggage. The introduction of this equipment aligns with international screening innovations and standards while safely reducing airport queue times.
- Passenger sensing technology provides opportunities to implement operational improvements through trend analysis.
- Lane Matrix Screening (LMS) provides a flexible, cost-effective method for increasing passenger throughput at airport screening points without needing to open a new lane or lanes. Early data is showing that LMS has improved throughput capacity by up to 20% since its implementation.
- The introduction of LMS potentially lays the foundation for the future of Hybrid Remote Image Screening (HRIS), a system where cabin baggage screening could be conducted simultaneously both from locations on-the-lane and off-the-lane. This would enable a more flexible method for increasing throughput without opening a whole lane - enhancing operational efficiency at a reduced cost.

Specific key areas of focus for 2025/26

Our primary focus will continue to be aviation safety and security, while ensuring that we:

- Maintain a focus on providing value for money.
- Improve communication, consistency and timeliness in respect to our certification activities.
- Further enhance the effectiveness and efficiency of our aviation security screening activities.
- Progress policy work and Civil Aviation Rule (CAR) changes to maintain alignment with international standards, keep pace with technological changes, and ensure the rules do not become a barrier to innovation. This work includes the development of a new Civil Aviation Rule for experimental/developmental aircraft, the establishment of permanent restricted airspace areas, and amending CAR Rule Parts 101 and 102 to enable lower risk operations to be conducted according to relevant safety requirements with less regulatory burden.

In July 2025, New Zealand will be subject to an International Civil Aviation Organization (ICAO) safety audit. The CAA has a lead role, with the Ministry of Transport, in coordinating the preparation for, and response to, this audit. Significant preparation has occurred in the 2024/25 year, with other relevant government organisations, to ensure that we are as well prepared as possible for this audit. Having a strong audit result is essential to maintain international confidence in our aviation system, and recognition of New Zealand as a safe and secure tourism destination and trading partner. ICAO audits typically identify areas for improvement in the way a State gives effect to ICAO standards and recommended practices, and we expect this to be the case in New Zealand.

Reporting Performance in 2025/26

Our 2024/25 Statement of Performance Expectations set new performance targets to measure improvements in our timeliness and efficiency. We have retained consistent performance targets for 2025/26 to measure ongoing progress in these areas.

We will refresh our performance measures for the 2026/27 financial year. Key areas of focus will be:

- Measuring certification timeliness more precisely to ensure we are telling a robust and accurate story about our performance.
- Developing measures for certification and aviation security screening that clearly demonstrate value for money in the connection between the CAA's investments, positive outcomes for the sector and participants, and sustaining safety and security outcomes from the civil aviation system.
- Developing a programme to coordinate New Zealand's response to the findings that arise from the 2025 ICAO Safety Audit.

We will report on our performance to the Responsible Minister on a quarterly basis and publish our Annual Report every year to ensure that we are accountable to the public.

Meeting the expectations of Government, the sector and the public

The 2025 Letter of Expectation from the Responsible Minister sets out a range of priority areas we must deliver. The Enduring Letter of Expectations released by the Ministers of Finance and Public Service also reinforces these expectations.

The section below sets out how we will meet these expectations, building on information, and the specific key areas of focus for 2025/26 identified above.

Prioritising fiscal sustainability, and achieving savings and efficiencies to minimise the costs to passengers and the aviation sector

The CAA recognises its continuing responsibility to the Crown and the public to enable a safe and secure aviation system in a way which offers value for money to the sector and participants. Since the Board's membership was refreshed in August 2024, the CAA has continued to embed its modern regulatory approach and improve its operational efficiencies.

New cost reduction initiatives were introduced in 2024/25 including revised procurement processes, accessing the criticality of each vacancy before being progressed, a project to reduce leave liabilities, and careful management of contractor, professional services and travel spend. These activities, combined with personnel savings from the organisational restructure, and several projects coming in under budget, resulted in cost savings of at least \$4.0m for the 2024/25 financial year.

We continue to actively look at how we can increase cost efficiencies and reduce costs overall, without compromising underlying safety and security.

- In the short term, an independent Cost Base Review has informed potential opportunities for further efficiencies and enables the organisation to redefine its cost base.
- We will pursue opportunities for greater optimisation, simplification and digitalisation of the organisation's systems and processes. This includes driving efficiency initiatives through process improvements and leveraging innovation and technology.
- Supporting our delivery of these outcomes is the Ways of Working document (released in April 2025) which provides a framework for how our people will work together to deliver our work. This includes driving the development of training and work tools to streamline processes and enable our people to make effective and timely regulatory decisions.

- In the medium term, our first principles funding review will consider options for recovering costs and simplifying the funding model. This will be the vehicle for the CAA to pass on any savings and improved value for money to the sector.

As detailed in the financial statements of this document, the FY26 expenditure budget is 4.8% higher than forecast in FY25. Much of this increase relates to the full year impact of recently completed projects, many of which have a significant fixed cost component and, in some cases, replaced assets that had been fully depreciated several years prior. These projects included:

- Progressing activities within the aviation security Capital Works Programme such as completing the roll-out of [CBS-CT] for carry-on baggage screening and bringing Non-Passenger Screening levels in line with ICAO requirements.
- Completing the device-as-a-service and Kapua (EMPIC) projects to support the delivery of our regulatory functions.
- Facilitating the recommencement of international flights to/from Hamilton.

Other cost pressures have arisen from security screening equipment maintenance contracts, the sourcing of aeronautical services, digital licenses, and vehicle leasing arrangements for airport patrol vehicles (replacing owned vehicles that were already fully depreciated in earlier years).

The FY 26 budget does not reflect the results of the Cost Base Review which is due later in the 2025 calendar year. The budget:

- Assumes domestic passenger volumes at 90% of pre-COVID levels in line with the Border Executive Board forecast for June 2025.
- Assumes that the CAA's reserves will return to a mid-point (6-9 weeks of operational costs) by the end of the financial year.

- Includes an increase in personnel costs accounting for six new frontline certification roles proposed in the CAA's recent pricing review, and 19.6 FTE to operationalise international flights at Hamilton Airport.
- Allows for a reduction in the assumed level of average vacancy across the year, which was abnormally high in FY25 due to the organisational restructure in addition to standard attrition.

The budget for the 2025/26 financial year will be reviewed in relation to the findings of the Cost Base Review (once received) and reflect cost savings from the introduction of new efficiencies such as Lane Matrix Screening. This may result in amendments to the financial statements, in accordance with Section 149K(4) of the Crown Entities Act 2004.

Focusing on delivering our core business

The CAA is responsible to both the Crown and the public for the delivery of our main purpose – a safe and secure aviation system. We are enhancing the way we deliver our core safety and security functions to improve our timeliness and reduce unnecessary regulatory burdens, while ensuring the delivery of safety and security outcomes. Long wait times impact aviation businesses, passengers and the smooth operation of the wider airport and airline environment. These changes will deliver better results for New Zealanders.

We collaborate closely with the sector and other government agencies to ensure that the aviation system meets the needs of New Zealanders. Over 2024/25 we worked with Waikato Regional Airport Limited, the Ministry of Transport, and border agencies to enable international flights between Australia and Hamilton Airport. This required significant work to procure and install screening equipment and other digital requirements, recruit and train the operational staff, and undertake the necessary regulatory assessments and approvals. The CAA also supported the recommencement of international flights to and from Dunedin International Airport in the last financial year.

Enabling growth and supporting innovation

Supporting advanced aviation's contribution to the economy is a priority for the CAA. We established the Emerging Technology Unit to work collaboratively with the aviation industry to find entry-points into aviation regulation, and to support industry to achieve regulatory approval through robust certification processes. Recent successes include:

- Supporting the Wisk Phase 2 trial, a world first flight of an uncrewed aircraft in controlled airspace.
- Agreeing a joint Advanced Air Mobility roadmap with the US, Canada, UK and Australia to benefit New Zealand operators.

We have also re-prioritised our policy and rules programme to deliver the Government's expectations on advanced aviation reform, and are leading the following workstreams:

- Creating a new Civil Aviation Rule part for experimental or developmental aircraft and systems operations to allow rapid iteration and testing of advanced aviation vehicles and technologies. This will improve certification timeliness by reducing the need for time consuming amendments or recertification and relieve some pressure on current certification processes.
- Providing areas of restricted airspace to support the safe testing of new technology.
- Refreshing Civil Aviation Rules by moving lower risk unmanned aircraft operations from Part 102 to Part 101.
- Updating existing rules to ease compliance for some unmanned aircraft operations which previously would require certification.
- Exploring options for obtaining regulatory advice from external third parties.

Once implemented, the outputs from this work will expedite regulatory approvals for lower risk operations.

Across all aviation, we are exploring a more streamlined policy and rules process that will enable utilisation of Transport Instruments. We are also developing a rolling two-year rule making programme to provide the sector with certainty and predictability about future changes to rules. Maintaining up to date rules that are aligned to international standards will reduce burdens for the participants who operate within those regulatory frameworks and reduce inefficiencies in our certification of those operations.

Improving our culture to deliver these expectations

In 2024/25, we commissioned an independent assessment of our organisational culture, delivered a refreshed employee engagement survey to provide a new baseline, and surveyed participants and the travelling public. Additionally, we conducted a Board-led initiative where the Board and Chief Executive completed a comprehensive in-person stakeholder engagement program with around 80 key stakeholders.

The 2024 Feel Safe survey to assess the confidence of international and domestic travellers in safety and security in air transport found that the proportion of travellers who feel extremely or very safe and secure while flying is the highest since the research began in 2011. The survey also identified that improvements could be made to ensure airlines are providing advice to travellers in a timely manner, and that the public are able to easily access aviation information (and know where to obtain it).

Combined, these initiatives have supported our understanding of how employees, the sector, and the public all view the organisation's performance as a safety and security regulator, informing changes to the organisational structure, as well as our system, practices, and ways of working.

Our strategic framework

The following pages set out the CAA's strategic framework. This framework forms the basis of our Statement of Intent 2024-2029. The framework expresses the work of the CAA across four dimensions.

- **Our Pathways** - we have three pathways that lead us to delivering our vision and purpose.
- **Our Impacts** - desired changes over the medium to long term.
- **Our Organisational Building Blocks** - the tools and resources we use to achieve our purpose and vision.
- **Our Outputs** - our system facing operational deliverables.

We consider how we frame and measure the CAA's performance against the outputs.

Our performance measures are organised into five output classes that are results-driven and aim to provide a good view of overall performance in respect to our effectiveness and efficiency in delivering safety and security outcomes.

Our performance measures are selected by identifying the critical outcomes we seek, reviewing historical information, and drawing out key measures for those outcomes.



Our strategic framework and how we position ourselves to deliver

OUR VISION AND PURPOSE

A safe and secure aviation system – so people are safe, and feel safe, when they fly

OUR PATHWAYS

We have three pathways that lead us to delivering our vision and purpose

Leadership and Influence

Through regulatory leadership we influence a safe and secure civil aviation system for New Zealand.

Active Regulatory Stewardship

We monitor and care for the civil aviation regulatory system through our policy and operational responsibilities.

Professional Regulatory Practice

We act to identify risk and reduce it through intelligence-led intervention.

DIRECTLY SUPPORT

Effective safety and security performance

- reducing risks within the aviation system to people, the environment and property; lowering social cost of air accidents and incidents, and improving confidence the system.

INDIRECTLY SUPPORT

Positive economic and social outcomes

- economic activity
- social connection for the benefit of all New Zealanders

OUR IMPACTS

Desired changes in system state over the medium to long term

- Application of consistent regulatory approaches that align with international regulatory requirements and that creates trust in NZ's aviation sector.
- Participants, stakeholders and industry are engaged and informed, to encourage positive safety and security behaviours.
- Participants entering and operating in the aviation system are capable of meeting safety and security requirements through their safety and security management systems.
- An intelligence-led, risk-based monitoring approach identifies safety and security performance levels so regulatory action can be taken where required.
- Security regulatory activities that address risk of unlawful interference with aircraft and aviation infrastructure, while efficiently facilitating the movement of passengers and goods.

OUR OUTPUTS

Our system facing operational deliverables*

- Output Class 1: Policy & Regulatory Strategy
- Output Class 2: Outreach
- Output Class 3: Certification and Licensing
- Output Class 4: Monitoring, Inspection and Investigation
- Output Class 5: Security Service Delivery

OUR VALUES

Our values underpin our culture and are at the heart of our organisation

- Collaboration
Me mahi tahi
- Transparency
Me mahi pono
- Integrity
Me mahi tika
- Respect
Me manaaki
- Professionalism
Kia tū rangatira ai



OUR BUILDING BLOCKS



Modern regulatory delivery

We are an intelligence-led and risk-based regulator, balancing trust in participants with effective verification, assurance and regulatory action.



People capacity and capability

We have a highly skilled and professional workforce. We enable our people through engagement, leadership, our culture, capability development and diversity in our workforce.



Resources, system and infrastructure

We manage our resources, systems and infrastructure (finance, digital, and workplace) sustainably, securing the long-term viability of the CAA.

* Refer to the Statement of Performance Expectations for full descriptions

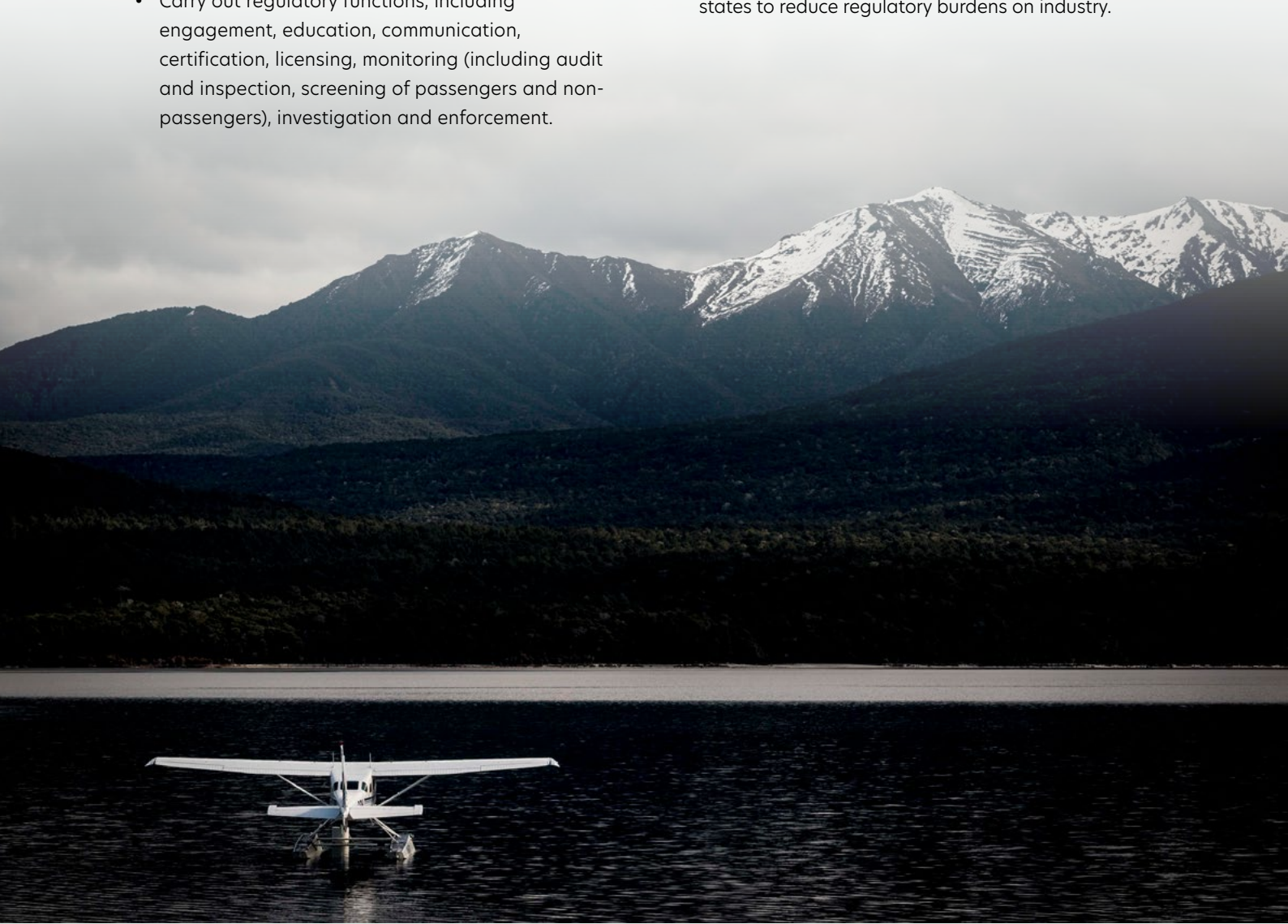
What we do

The CAA enables a safe aviation system for the public and for the people who work in it and use it, as well as keeping it protected (secure) from people who may wish harm to those using and working in it. To deliver these outcomes, we:

- Regulate people (those who work in and are customers of aviation – including pilots, engineers, air traffic controllers and passengers) organisations, aircraft, and aviation infrastructure.
- Carry out regulatory functions, including engagement, education, communication, certification, licensing, monitoring (including audit and inspection, screening of passengers and non-passengers), investigation and enforcement.

By enabling a safe and secure aviation system, we enable economic and social benefits for New Zealand and enable the sector to innovate and thrive. Upholding New Zealand’s reputation as a safe and secure aviation system enables us to:

- Be a trusted trade partner for international imports and exports.
- Be a sought-after tourist destination.
- Enter into mutual recognition agreements with other states to reduce regulatory burdens on industry.



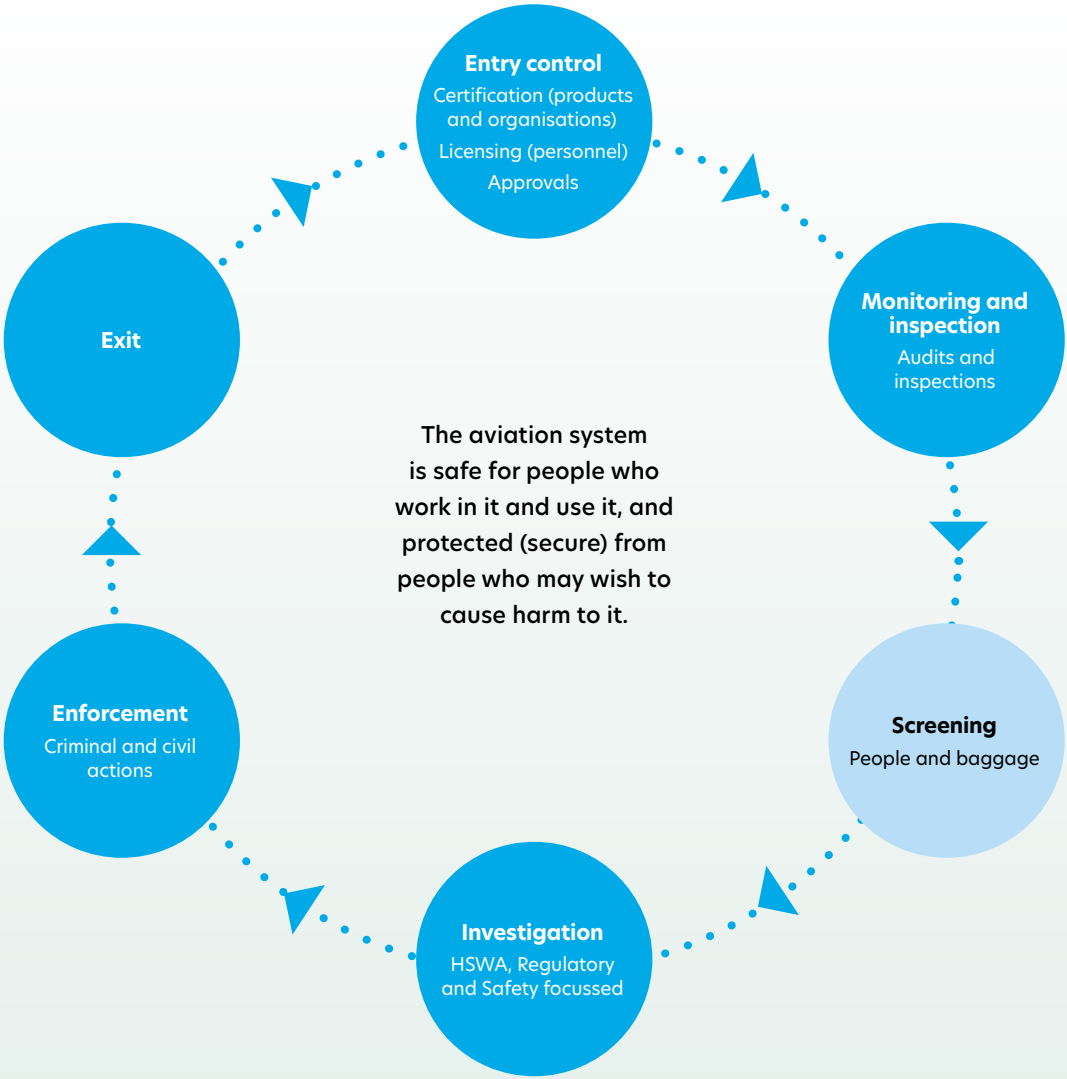
Our core regulatory functions

System practice and design

ICAO conventions, policy, law, regulations, rules, advisory circulars, operational policy

Communication and engagement

Information, education and advice



Regulatory interventions

Intelligence will inform us about 'significant' problems, themes, aviation activities or opportunities we should be focussing on. Interventions to deal with those should be shaped up and delivered through (often a combination of) appropriate core regulatory functions.

Intelligence and system risk

Gathering, analysing, and using data and information from range of external and internal sources to develop intelligence that informs our approach to identifying, assessing and prioritising our responses to safety and security risks in the civil aviation system.

Our building blocks

Our building blocks are the activities that enable the CAA to deliver through our pathways.

We've identified three interdependent building blocks, all aimed at supporting our pathways. Current year activities contributing to each of the building blocks are set out below.



MODERN REGULATORY DELIVERY

We are an intelligence-led and risk-based regulator, balancing trust in participants with effective verification, assurance and regulatory action.



PEOPLE CAPACITY AND CAPABILITY

We have a highly skilled, professional workforce. We enable our people through engagement, leadership, our culture, capability development, and diversity in our workforce.



RESOURCES, SYSTEM AND INFRASTRUCTURE

We manage our resources, systems and infrastructure (finance, digital, and workplace) sustainably, securing the long-term viability of the CAA.



MODERN REGULATORY DELIVERY

We deliver our core functions in a modern way.

This means, we:

- Build a comprehensive picture of the risks our participants create in the aviation system and apply less intervention to those who have effective safety and risk management systems, and more where that is not the case.
- Engage with stakeholders to keep regulation fit for purpose and make it as straight forward and clear as to what is needed to comply with regulatory requirements.
- Communicate consistent, transparent and timely regulatory decision-making, drawing on the principles of just culture.
- Apply the full spectrum of prescriptive and outcomes-based regulation and using the 'right tool at the right time' in response to regulatory problems.

This approach enables the CAA to demonstrate the value it creates for both the sector and New Zealand through the efficient and effective delivery of its functions.

To better our understanding of sector and participant requirements, we have undertaken baseline assessments of six aviation sectors (International Passenger, Domestic Passenger, Air Freight, Agricultural, Tourism, and Sport & Recreation). The findings from these assessments will be used to inform our regulatory decision-making, risk mitigations, planning, educational initiatives, and future investments.

During 2025/26 we will:

- Further embed the intelligence-led, risk-based approach across the organisation by investing in our people, ensuring we have fit for purpose operational policy, procedures, guidance and work tools, and focusing on learning and capability.
- Develop a clear and cohesive strategy informed by system intelligence and risk that will flow into business planning and inform our organisational decision making and priorities.
- Provide clarity on what is expected of our people when making intelligence-led and risk-based decisions, through training and the adoption of new ways of working.
- Integrate our risk, monitoring and assurance functions to support high performance and good governance.



PEOPLE CAPACITY AND CAPABILITY

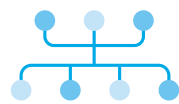
Our people are at the core of everything we do. We are a highly skilled and professional workforce, and we're continuing to enable our people through engagement, leadership, our culture, capability development, and diversity.

We have a focus on:

- Investing in our peoples' capability and retention to deliver on our core regulatory safety and security activities and outcomes.
- Identifying longer-term workforce needs including the systems, practices and structures that align our people, capability and capacity to the work needed to deliver our vision and purpose.
- Having leaders who feel confident and capable to lead and support their people and having our people experience good quality leadership. We're focused on building the right foundations so that our leadership is sustainable and agile in a changing environment.
- Continuing to develop, embed, and build on our culture, values and one-organisation-approach to ensure the CAA's long-term future as a respectful, inclusive and safe place to work.
- Building a mature Health Safety and Wellbeing culture, ensuring we have a safe, healthy and supportive working environment for our people.
- Building our organisational diversity and inclusion capability – supporting a workplace in which people feel welcome and can contribute fairly and equitably.
- A culture of care and respect for one another, where we embrace diversity and inclusion, connection and belonging.

During 2025/26 we will:

- Take a "one organisation approach" with closer alignment across common functions and activities, to drive efficiency and effectiveness.
- Embed our new ways of working to support the key shifts we need as an organisation.
- Continue to build on our health, safety and wellbeing culture through active involvement of our people across the CAA in managing critical health, safety and wellbeing risks.
- Undertake collective bargaining, aligned to the Government workforce policy statement.
- Realign our flexible working approach to build a stronger culture of face-to-face collaboration and outcomes.
- Build capability and capacity to deliver our core regulatory services through:
 - our leadership capability, performance and expectations
 - embedding our core competency framework to ensure our people are supported and enabled with the core skills and training to deliver on what the organisation requires.



RESOURCES, SYSTEMS AND INFRASTRUCTURE

We manage our resources, systems, and infrastructure (finance, commercial, digital, workplace and project delivery) sustainably. This secures the long-term viability of the CAA which provides New Zealand with opportunities for growth in tourism, trade, and economic development.

Prudent financial and commercial stewardship of the CAA is essential and will ensure we can continue to deliver the high-quality safety and security regulatory activities to participants and the public without imposing an unnecessary burden through fees, charges, and levies.

The CAA cannot be sustainable if the costs of delivering our safety and security regulatory activities are not well managed.

Through close financial stewardship and management, we will consistently manage cost growth by identifying cost reductions and investigate opportunities for greater optimisation of the CAA's systems and processes, driving efficiency initiatives through process, innovation and technology improvements. In the short term, this work will improve performance while managing tight fiscal constraints, improving service delivery, and building trust and confidence with participants, stakeholders and the public.

An integrated digital environment, including aviation security screening equipment, will support how the CAA's safety and security regulatory activities are delivered to by our people, and engaged with by participants and the public. This will make it more efficient and easier for participants and the public to comply with regulatory requirements resulting in increased service delivery.

We have a diverse set of workplaces¹ – offices, screening points at aerodromes, training facilities, kennels, and vehicles. The changing nature of work, digital technology and how we deliver our safety and security regulatory activities means we need to

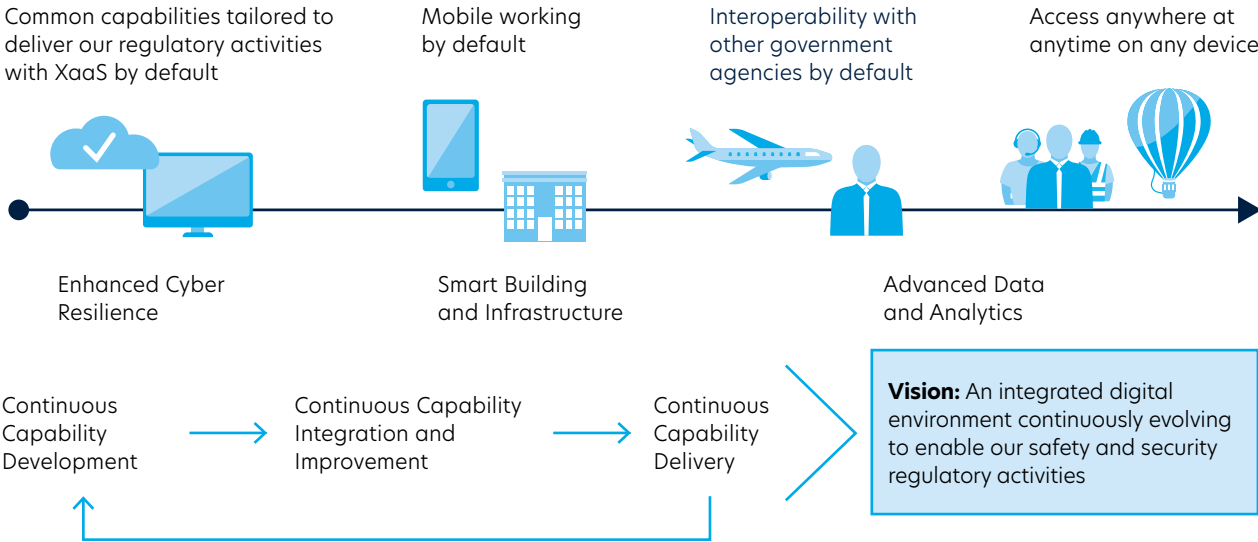
continually assess how our workplaces support our work in the most effective and efficient way. We work in a tightly integrated aviation system and will take opportunities to collaborate with other government agencies who work at aerodromes, and with airport companies and other participants by default to make the most efficient use of our collective resources.

We are committed to New Zealand's economic and environmental goals including the participating in the Carbon Neutral Government Programme (CNGP) to reduce emissions in the public sector. Our carbon emissions come from the vehicles we drive, the offices we occupy, the power, products, services, and water we consume, the waste we produce, and the flights we take to perform our safety and security activities. We are committed to reduce our emissions by 42% by 2030.

During 2025/26 we will:

- Continue to undertake careful financial and commercial stewardship of the CAA to ensure we can continue to provide the high-quality safety and security regulatory activities to participants and the public without imposing an unnecessary burden through fees, charges, and levies (while operating within the requirements of the relevant legislation accounting standards²).
- Continue to create an integrated digital environment, including aviation security screening equipment, that will support how the CAA's safety and security regulatory activities are delivered to by our people and engaged with by participants and the public. This will make it more efficient and easier for participants to comply with regulatory requirements.

Fig 1. Integrated Digital Environment



- Continually assess how our workplaces support our work in the most effective and efficient way. We work in a tightly integrated aviation system and will take opportunities to collaborate with other government agencies who work at aerodromes, and with airport companies and other participants by default to make the most efficient use of our collective resources.
- Maintain commitment to supporting the aims of the CNGP, including working with airports on electric vehicle charging infrastructure and developing policies to support the transition to meet the Government's 'electric vehicles first' policy.
- Implement the new Sustainability Policy and Framework to improve reporting and support the delivery of our 2030 and 2050 emissions reduction targets.

We have the following emissions reduction performance measure for 2025/26³

Measure	2024/25 Estimated ⁴ performance	2024/25 Performance target
Reduce Scope 1 (vehicle fleet fuel) emissions compared to 2022/23 base year emissions (2024/25 target: 12% or 291.04 tCO2e)	Not achieved	18% reduction
Reduce Scope 2 (electricity) emissions compared to 2022/23 base year emissions (2024/25 target: 12% or 91.99 tCO2e)	Not achieved	18% reduction
Reduce Scope 3 (air travel) emissions compared to 2022/23 base year emissions (2024/25 target:12% or 2,599.69 tCO2e)	Achieved	6% reduction

1 Workplace means anywhere or in anything our people perform their safety and security regulatory activities.
2 The Crown Entities Act 2004, Public Finance Act 1989, Public Service Act 2000 and the New Zealand equivalents to International Public Sector Accounting Standards.

3 The CAA is required to measure greenhouse gas emissions and set reduction targets under the Whole-of-Government Direction signed on 27 March 2022. Base year emissions source: Toitu Envirocare Greenhouse Gas Inventory and Management Report for the CAA, 08 November 2023.
4 Data available from July 2025 and reported through the Annual Report.

2025/26 Statement of Performance Expectations

How we're funded to deliver

The following pages explain the outputs (goods and services) that the CAA is funded to provide, the results we seek for each, and how we'll assess our performance.

Effective delivery of the CAA's outputs contributes to a solid foundation for aviation activity to bolster New Zealand's economic growth.

We're funded to deliver the following five classes of output:

- **Output Class 1:** Policy and regulatory strategy
- **Output Class 2:** Outreach
- **Output Class 3:** Certification and licensing
- **Output Class 4:** Monitoring, inspection and investigation
- **Output Class 5:** Security service delivery

Year to date information about the achievement of these measures is reported to the Responsible Minister at the end of each quarter.

The CAA has three primary sources of revenue:

- Specific fees and charges for licensing and certification.
- Levies for civil aviation regulatory functions and security screening.
- Funding from the Crown, as set out in the next section.

Cost of key functions

Costs and operational effectiveness are monitored and reviewed regularly. As part of our first principles funding review, we will re-baseline the costs of our regulatory activities.

We are currently developing ways to measure our cost efficiency to ensure that we are providing value for money. This will include the delivery of aviation security services as well as certification activity. Cost efficiency measures will appear in our 2026/27 Statement of Performance Expectations once developed and validated.

Crown funding of our output class activities

The activities funded through the Crown from Vote Transport are denoted by an asterisk* on the following pages. The associated funding is disclosed in the output class statements.

Vote Transport non-departmental output expenses appropriation 'Civil Aviation and Maritime Security Services'

This appropriation funds technical information and advice in relation to:

- International matters affecting New Zealand's aviation sector (delivered within Output Class 1: Policy and Regulatory Strategy).
- The provision of advice and services by the CAA to support Ministers to discharge their portfolio responsibilities relating to transport (delivered within Output Class 1: Policy and Regulatory Strategy).
- Investigation, determining compliance, and enforcement of safety in the aviation sector (delivered within Output Class 4: Monitoring, Inspection, and Investigation).

- Standby screening and searching services at ports (delivered within Output Class 5: Security Service Delivery).

This appropriation is intended to achieve a safe and secure airspace environment. We intend to achieve this through the implementation and monitoring of rules and regulations, the management of risk for all aviation activities and preparedness to provide a maritime security response role to a high-level threat situation affecting cruise ships or their passengers.

In addition to the information, advice, and services delivered under the output classes as described on the previous page, we have performance measures which align to our overall vision and purpose statement: a safe and secure aviation system – so people are safe, and feel safe, when they fly.

Survey on confidence in safety and security in air transport

Measure	Previous years' performance	2025/26 Performance target
People have confidence in the safety and security of air transport in New Zealand airspace as shown by improvements demonstrated in a confidence survey (survey conducted biennially) ⁵	2020/21: Survey not run 2021/22: Decrease from 2019 2022/23: Survey not run 2023/24: Survey not run 2024/25: Increase from 2022	Maintained
Percentage of resident travellers that felt extremely or very safe and secure	2020/21: Survey not run 2021/22: 72% 2022/23: Survey not run 2023/24: Survey not run 2024/25: 80%	75% or greater
Percentage of overseas travellers that felt extremely or very safe and secure	2020/21: Survey not run 2021/22: 86% 2022/23: Survey not run 2023/24: Survey not run 2024/25: 89%	92% or greater

⁵ The survey on confidence in safety and security in air transport (known as The Feel Safe survey) runs biennially. However, the cycle was disrupted by the pandemic as it required online and airport intercept interviews of international passengers.

Vote Transport non-departmental output expenses appropriation 'Health and Safety at Work Activities - Civil Aviation'

This appropriation funds health and safety activities for the civil aviation sector, for which the Civil Aviation Authority has designated responsibility (delivered within Output Class 4: Monitoring, Inspection and Investigation.)

This appropriation is intended to achieve a high level of safety and security standards within the New Zealand civil aviation system.

Measure	Previous years' performance	2025/26 Performance target
*Percentage of planned works delivered to timeframe and standard	2021/22: 100% 2022/23: 100% 2023/24: 100% 2024/25: 100% est	100%

The planned works under this performance measure are included in the table below:

Planned works 2025/26	Location	Timeframe
Cabin baggage screening - computed tomography equipment	Auckland Domestic Invercargill	30/06/2026
Non-Passenger Screening equipment	Range of initiatives planned and accepted	Dependent on Airport companies' capital plans

6 Completed in December 2024

Non-Departmental Capital Expenditure - Civil Aviation Authority - Capital Injection (2025-2030)

This appropriation is intended to achieve reserve restoration for the CAA following depletion of reserves during the COVID-19 pandemic, and to support upgrades to aviation security infrastructure.

Measure	Previous years' performance	2025/26 Performance target
Percentage of planned works delivered to timeframe and standard. This measure has been transferred from the "Civil Aviation Authority - Capital Injection" MYA and relates to the "Aviation security infrastructure" component.	New measure	100%
Reserves restoration funding is drawn down in accordance with the Funding Agreement.	New measure	Achieved



Output Class 1:

Policy and regulatory strategy

This output class strongly contributes to our strategic pathways of leadership and influence (in how we engage, influence and provide information to stakeholders), and active regulatory stewardship (in how we contribute to a whole-of-system, life-cycle view of safety and security regulation).

Why this is important

Continuous improvement is foundational to the safety and security of the civil aviation regulatory system. We must take an active role in regulatory stewardship; leading and influencing so that participants, Government, and other stakeholders can make informed decisions.

What we want to achieve

We aim to provide excellent administration of regulation for the civil aviation system in New Zealand, as well as supporting the Responsible Minister and other parts of Government to make informed decisions on issues to do with the civil aviation system.

What we do to deliver on this output

- We coordinate strategic engagement in the international aviation system.
- We administer New Zealand's civil aviation obligations and interests within the delegation of the Responsible Minister.
- We deliver ministerial services – e.g. providing answers to parliamentary questions, briefings, responses to letters to Ministers from the public.
- We develop options and solutions for specific issues within the aviation regulatory system.
- We proactively identify emerging issues for aviation.
- We deliver major policy and regulatory projects.
- We develop and maintain linkages internally, across government, internationally, and within industry.

Key policy and international initiatives in 2025/26

We'll continue to:

- Engage with our international counterparts and the International Civil Aviation Organization (ICAO) to meet New Zealand's obligations as a participant in a global aviation system and in support of our Pacific Island partners.
- Respond to the findings of the 2022 ICAO security audit and lead New Zealand's preparation and participation in the full ICAO safety audit which will be undertaken in 2025.
- Work with other government departments, and the emerging technology sector, to ensure the appropriate and safe development and use of new technologies in the aviation system. Our Emerging Technology Unit provides a bridge to enhance communications between these groups of stakeholders and with the CAA.
- Support, and deliver, Advanced Aviation Reform activities to enable faster iteration and testing of advanced aviation vehicles and technologies, reducing regulatory burden while sustaining the safety performance of the civil aviation system
- Work with the Ministry of Transport to develop an initial two-year rules programme that provides clarity and certainty for the sector.

How we'll measure our performance

This output class contains the following categories:

1.1 International engagement

1.2 Regulatory system design

1.3 Ministerial servicing

Output Measure	Previous years' performance	2025/26 Performance target
1.1 International engagement <ul style="list-style-type: none">• The Authority's international activities are consistent with ICAO's global priorities for aviation safety and security⁷• We provide regulatory support and assistance to Pacific Island States as agreed with the Ministry of Foreign Affairs and Trade⁸	100% est 100% est	100% 100%
1.2 Regulatory system design <ul style="list-style-type: none">• We develop and maintain rules in accordance with the Minister's agreed programme• We assess current and emerging issues in the aviation system, and develop appropriate responses• We support the implementation of the Civil Aviation Act 2023, including development of guidance and operational policy	100% est 100% est 100% est	100% 100% 100%
1.3 Ministerial servicing <ul style="list-style-type: none">• Our engagement with the Minister's Office on correspondence, briefings, enquiries, Parliamentary Questions, Ministers' meetings, and other ministerial requests meets the Minister's expectations	TBC ⁹	100%

Cost to deliver Output Class 1: Policy and regulatory strategy	2024/25 Estimated actual \$000	2025/26 Budget \$000
Levies	3,230	6,737
Crown - Protection of Core Functions	1,471	-
Crown - Civil Aviation and Maritime Security Services	1,690	1,623
Ministry Contracted Revenue	2,034	2,034
Total Output Revenue	8,425	10,394
Total Output Expenses	(8,839)	(9,106)
Net Surplus/(Deficit)	(414)	1,288

7 The ICAO has defined its global priorities for aviation safety and security in the following documents : [icao.int/safety/GASP/Pages/Goals-and-Targets.aspx](https://www.icao.int/safety/GASP/Pages/Goals-and-Targets.aspx) (GASP) (2023-2025 edition) and [icao.int/Security/Pages/Global-Aviation-Security-Plan.aspx](https://www.icao.int/Security/Pages/Global-Aviation-Security-Plan.aspx) (GASeP) (2017 edition). The CAA will self-assess its international activities against the GASP and GASeP and provide a percentage measure of the consistency of its activities against these ICAO priorities and retain a copy of this assessment for later verification at audit.

8 The CAA will self-assess the regulatory support and assistance it provides to Pacific Island States against the agreement it has with the Ministry of Foreign Affairs and Trade and retain a copy of this assessment for later verification at audit.

9 The Minister's office will complete a survey in quarter four 2024/25.

Output Class 2:

Outreach

This output class contributes to our strategic functions of leadership and influence (in how we engage, influence and provide information to the sector), and professional regulatory practice (in how we act to ensure safety and security knowledge is disseminated and understood).

Why this is important

Engagement with participants, organisations, and other aviation sector stakeholders is critical for the CAA. We need to understand what is happening in the environment that we regulate. Conversely, those who are regulated need to hear safety messages, updates on the regulatory environment, and to be aware of their responsibilities to keep the civil aviation system safe.

What we want to achieve

Increased understanding and awareness of the roles, responsibilities, and risks of operating within the civil aviation system, by regulated parties (including non-traditional participants - for example, drone operators), stakeholders and the New Zealand public, so that behaviour changes and the civil aviation system becomes safer over time.

What we do to deliver on this output

- Stakeholder communications (various channels - face-to-face visits, publications, online, etc.).
- Aviation industry / regulatory partner facilitation, engagement, and collaboration.
- Risk-based safety and security campaign development and delivery.
- Use of our Emerging Aviation Technologies Forum to improve our knowledge of technologies that will enter, or are likely to enter, the New Zealand aviation system.

Output Measure	Previous years' performance	2025/26 Performance target
2.1.1 We build safety awareness through: <ul style="list-style-type: none">• Education courses, workshops or seminars to participants nation-wide• Safety education products distributed¹⁰• Vector magazines published<ul style="list-style-type: none">– Print copies distributed– Online readership• Public aviation safety dashboard accessible on the Authority website• Targeted safety campaigns address specific areas of concern or new issues that arise.	2020/21: 15 2021/22: 26 2022/23: 9 2023/24: 17 2024/25: 12 est 50,730 est 56,000 est 28,165 est 97% est ¹¹ 100%	12 delivered 80,000 56,000 5,700 100% 100%
2.2.1 Our education courses, workshops, or seminars are rated by participants as a 3 or higher ¹²	2020/21: 98% 2021/22: 94% 2022/23: 100% 2023/24: 100% 2024/25: 91.77% est	85%
2.2.2 Public aviation safety dashboard is rated by users as a 3 or higher ¹³	User rating not yet conducted	85%
2.2.3 Percentage of emerging technology participants surveyed reporting that the Emerging Technology Unit gateway process has met or exceeded their expectations.	2023/24: 100% 2024/25: 86%	70%

Cost to deliver Output Class 2: Outreach	2024/25 Estimated actual \$000	2025/26 Budget \$000
Levies	1,673	3,023
Crown - Protection of Core Functions	769	-
Other Revenue	24	19
Total Output Revenue	2,466	3,042
Total Output Expenses	(2,587)	(2,665)
Net Surplus/(Deficit)	(121)	377

10 Good Aviation Practice booklets, aviation safety posters, safety education and other products.
11 This result relates to an outage required to update the CAA's website in December 2024.
12 Based on a post-seminar assessment with a rating scale of 1 to 5 (the top rating being 5).
13 Using online assessments completed by users.

Output Class 3:

Certification and licensing

This relates to our strategic pathways to carry out professional regulatory practice (through our activities to allow people to enter, exit, and participate in the system), and active regulatory stewardship (through our intelligence-led risk assessments and continuous improvement).

Why this is important

People and organisations operating within the civil aviation system must be appropriately licensed, certified, and aware of their responsibilities as participants in the sector to ensure the overall safety of the civil aviation system.

What we want to achieve

- Robust assessment of participants and products as safe and fit to participate in the New Zealand civil aviation system.
- Improving efficient processing of applications, without compromising safety standards.

These measures are designed to tell us if our certification and licensing decisions continue to meet our internal quality requirements, and that safety outcomes are not being compromised whilst we make changes to improve our timeliness.

We will develop more precise measurements for our certification timeliness for the 2026/27 SPE as part of refreshing our business processes to support our new ways of working. This will ensure we are telling a robust and accurate story about our performance. New measures are likely to enable clear demonstration of:

- The end-to-end time overall - discounting the time an application is in a queue, or on hold during assessment due to circumstances outside the CAA's control such as awaiting further information from the applicant.
- The proportion of complete applications received, to measure the impact of higher rates of complete applications and lower waiting time for additional information.
- The time taken between receiving an application and its assignment to an inspector to measure if our resourcing is meeting demand.

This combination of measures will help us to measure our operational performance, the sector's contribution to efficiency, identify where we need to provide more support or guidance to make it easier to comply and inform process improvements to support a value for money approach.

What we do to deliver on this output

- Exercise control over entry, through issuing or amending aviation documents, and approvals of organisations, individuals and products.
- Exercise control over exit, through the suspension and revocation of documents.

Output Measure	Previous years' performance	2025/26 Performance target
3.1.1 Certificates or licences that we issue (for personnel, organisations, aircraft, and service providers) meet our quality and timeliness* standards.		
Certification		
• Quality meets internal CAA criteria	93% est	100%
• Timeliness of new applications for all certification types - certification processed within:		
– 20 working days from receipt of application	38.85% est	>50%
– 40 working days from receipt of application	50.60% est	>70%
– 120 working days from receipt of application	66.91% est	>90%
• Timeliness of amendments for all certification types - certification processed within:		
– 20 working days from receipt of application	28.13% est	>50%
– 40 working days from receipt of application	47.30% est	>70%
– 80 working days from receipt of application	71.72% est	>90%
• Timeliness of new applications for Part 102 certificates - certification processed within:		
– 20 working days from receipt of application	0% est	>50%
– 40 working days from receipt of application	0% est	>70%
– 120 working days from receipt of application	4.48% est	>90%
• Timeliness of amendments for Part 102 applications - certification processed within:		
– 20 working days from receipt of application	13.56% est	>50%
– 40 working days from receipt of application	38.98% est	>70%
– 80 working days from receipt of application	74.58% est	>90%
• Percentage of Part 102 applicants surveyed who report that CAA has met or exceeded their expectations for timeliness processing their applications.	NA ¹⁴	>70%
Licensing		
• Quality meets internal CAA criteria	100% est	100%
• Timelines - licences for complete applications processed within 10 working days of receipt	99.9% est	>90%

* Excludes shipping time

14 There were insufficient responses to the survey to measure.

Benchmark information for certification, all certificate types, over the past five years

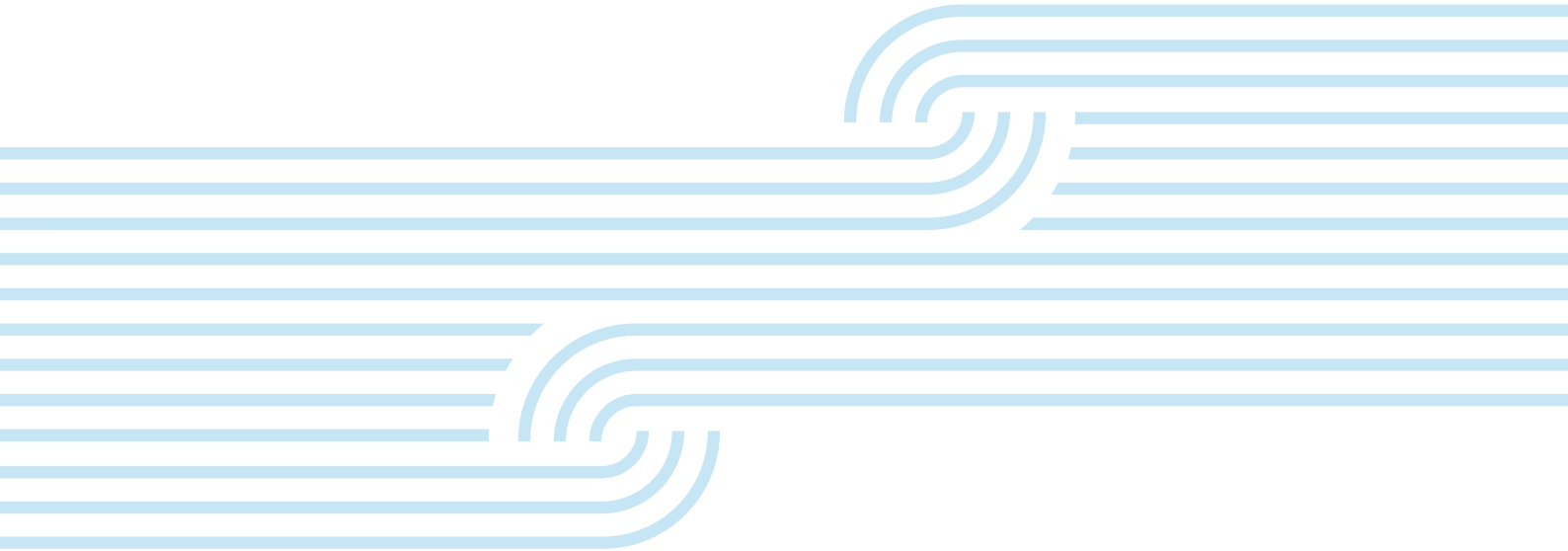
Working days (and target)	New issues									
	2020/21		2021/22		2022/23		2023/24		2024/25 est. (FY25 Q3 YTD)	
	Number issued	Target met	Number issued	Target met	Number issued	Target met	Number issued	Target met	Number issued	Target met
20 (>50%)	244	41.50%	222	43.70%	264	44.44%	291	47.86%	182	38.85%
40 (>70%)	336	57.14%	309	60.83%	360	60.61%	382	62.83%	240	50.60%
120 (>90%)	474	80.61%	423	83.27%	491	82.66%	476	78.29%	329	66.91%
	Amendments									
20 (>50%)	287	40.20%	277	37.69%	286	37.58%	220	28.65%	217	28.13%
40 (>70%)	448	62.75%	432	58.78%	466	61.24%	368	47.92%	373	47.30%
80 (>90%)	578	80.95%	588	80.95%	614	80.68%	565	73.57%	556	71.72%

The table above shows that total of certification new issues and amendments have been steadily increasing since 2020/21. Additionally, the certification backlog has continued to increase. The % target met in both areas has decreased over the same five-year period.

Further, there is added complexity when processing new issues, particularly in relation to Part 102 certifications which often seek the introduction of novel technologies that have not been tested anywhere else in the world, safely into New Zealand's aviation system.

The new issues result relates to the CAA prioritising the completion of certification amendments and renewals. It is important that these certificate types are prioritised over new issues to ensure safe and secure operations of those participants already certificated within the aviation system.

Cost to deliver Output Class 3: Certification and licensing	2024/25 Estimated actual \$000	2025/26 Budget \$000
Levies	16,399	47,443
Crown - Protection of Core Functions	20,453	-
Crown - Civil Aviation and Maritime Security Services	1,167	436
Fees and charges	5,037	5,431
Other Revenue	424	336
Total Output Revenue	43,480	53,646
Total Output Expenses	(45,619)	(46,998)
Net Surplus/(Deficit)	(2,139)	6,648



Output Class 4:

Monitoring, inspection and investigation

We carry out professional regulatory practice through our active investigations, audits, and monitoring activities, and active regulatory stewardship through our intelligence-led risk assessments and continuous improvement.

Why this is important

We take an active role in the civil aviation system, ensuring that participants act safely within the system. Monitoring, inspection, and investigation activities ensure that we're confident that risks are being well managed throughout the civil aviation system, and that participants are carrying out their responsibilities, or are in a position to act diligently if they're not.

What we want to achieve

Continued assurance that the aviation system in New Zealand is safe and secure.

What we do to deliver on this output

- We monitor adherence to safety and security standards by participants in the civil aviation system, including audits, inspections and investigations under the Civil Aviation Act 2023, the Health and Safety at Work Act 2015 and the Hazardous Substances and New Organisms Act 1996.
- We assess safety data and information to identify safety and security risks in order to inform and influence the management of risk.
- We take appropriate action in the public interest to enforce the provisions of the Acts and Rules, and to address safety risk.

Output Measure	Previous years' performance	2025/26 Performance target
4.1.1 We'll influence aviation safety and security through monitoring, inspection and investigation activities: <ul style="list-style-type: none">• Planned oversight activity (monitoring and inspection) compared to activity conducted.• Oversight activities (monitoring and inspections) meet the objectives of the oversight programme.• Intelligence reports assessed for inclusion in the programme of oversight activities.	63.8% est 100% est 100% est	80% 100% 100%
4.1.2 Investigations independently assessed by a third party to ensure they're completed within 12 months and the recommendations made comply with our regulatory model.	2020/21: 100% 2021/22: 100% 2022/23: 100% 2023/24: Not achieved ¹⁵ 2024/25: 100% est	100% of those assessed comply

Cost to deliver Output Class 4: Monitoring, inspection and investigation	2024/25 Estimated actual \$000	2025/26 Budget \$000
Levies	10,462	19,299
Crown - Protection of Core Functions	2,089	-
Crown - Health and Safety at Work	4,001	1,200
Fees and charges	27	29
Other Revenue	164	130
Total Output Revenue	16,743	20,658
Total Output Expenses	(17,567)	(18,098)
Net Surplus/(Deficit)	(824)	2,560

¹⁵ The measure was reported as not achieved because an independent assessment was not conducted. This was due to the unavailability of an independent third party. An internal review was conducted using criteria from the CAA's regulatory strategy and enforcement policy. Of the sample reviewed, one record was found not to have complied with the regulatory model due to inadequate document of the decision-making process.

Output Class 5:

Security service delivery

Security service delivery is part of the CAA’s role of professional regulatory practice; our screening and security delivery functions are regulatory actions in practice.

Why this is important

We need to sustain trust in New Zealand’s aviation security system.

Security screening and other activities sustain that trust by identifying threats and managing associated risks at security-designated airports, and elsewhere as required across New Zealand.

What we want to achieve

We’re evolving our security approach over time, to focus on developing a highly skilled workforce, creating a more intelligence-led, risk-based approach to security activities.

We explore and adopt new technologies and innovative solutions. We collaborate with others, at the border and internationally, to sustain confidence through our security outcomes and provide ease of passage for travellers.

What we do to deliver on this output

- We carry out aviation security screening to keep passengers, crew and other personnel safe.
- We provide security capability to strengthen aviation security.
- New Zealand’s national security, law enforcement activities and the border system.
- We adopt new security technologies and systems to mitigate evolving threats to aviation.

How we’ll measure our performance

This output class contains two categories:

- 5.1 Screening Activity
- 5.2 Access control and risk assessment

Output Measure	Previous years' performance	2025/26 Performance target
<i>Matching passenger facilitation demand with screening capacity</i>		
5.1.1 Time periods where screening capacity was insufficient to meet passenger demand (95% of lane capacity exceeded)	6.1% est	<5%
<i>Utilising comprehensive queue management system to match passenger facilitation demand with screening capacity</i>		
5.1.2 Time periods where average wait time exceeds 10 minutes	2.0% est	<5%
<i>Deploying screening capacity efficiently</i>		
5.1.3 Time periods where a screening lane was open but not required	11.9% est	<10%
5.1.4 Number of complaints ¹⁶ upheld against the Aviation Security Service per 50,000 screened.	2022/23: 0.41 2023/24: 0.59 2024/25: 0.59 est	< 2 per 50,000 passengers
5.2.1 Security monitoring of restricted areas against regulated standards. ¹⁷	2021/22: 100% 2022/23: 98% 2023/24: 92% 2024/25: 100% est	100% of requirements met
5.2.2 Regular non-passenger security risk assessments performed and mitigation actions implemented <ul style="list-style-type: none">• Annual risk assessment performed• Annual risk assessment recommendations implemented	100% est 100% est	100% 100%

Performance against the above measures will be reported in the Annual Report at national level and for the following AvSec sites:

Auckland International/Domestic	Wellington International/Domestic	Christchurch International/Domestic
Queenstown International/Domestic	Dunedin Domestic	Invercargill Domestic

Cost to deliver Output Class 5: Aviation Security Service Delivery	2024/25 Estimated actual \$000	2025/26 Budget \$000
Levies	133,989	228,556
Crown - Protection of Core Functions	55,907	-
Crown - Civil Aviation and Maritime Security Services	145	145
Other Revenue	2,627	2,471
Total Output Revenue	192,668	231,172
Total Output Expenses	(198,495)	(209,303)
Net Surplus/(Deficit)	(5,827)	21,869

16 In relation to the carrying out of requirements under Civil Aviation Rule 140.

17 Airport Identity Card checks, Non-Passenger Screening, security patrols.

Changes to performance measures

This table lists the changes to output performance measures since last year's Statement of Performance Expectations, and the reasons for those changes.

Changes to output measures

Ref	Output Measure 2024/25	2024/25 Performance target	Changed Output Measure 2025/26	Changed 2025/26 Performance target
Estimates measure	Additional funding through Vote Transport non-departmental output expenses appropriation 'Protection of Transport Sector Agency Core Functions' *Maintain appropriate capability for core functions – appropriate resourcing to meet service level requirements	Achieved	Deleted	Deleted
Reason for change: This measure was deleted because the appropriation expired on 30 June 2025.				
4.2.1	Support delivered to the Airspace Integration Trials programme meets the terms of reference agreed with the Ministry of Business, Innovation and Employment.	100%	Deleted	Deleted

Reason for change: This measure was deleted because the programme has been completed.



Prospective Financial Statements

Prospective financial indicators

For the year ended 30 June

	2025 Estimated actual \$000	2026 Budget \$000
Safety		
Revenue	71,114	87,740
Output Expense	74,612	76,867
Net surplus/(deficit)	(3,498)	10,873
Bank and Investment balances	3,300	20,051
Net assets	17,707	36,580
Capital Expenditure	3,204	2,170
Security		
Revenue	192,668	231,172
Output Expense	198,495	209,303
Net surplus/(deficit)	(5,827)	21,869
Bank and Investment balances	3,357	31,436
Net assets	21,292	55,161
Capital Expenditure	9,913	7,977
CAA		
Revenue	263,782	318,912
Output Expense	273,107	286,170
Net surplus/(deficit)	(9,325)	32,742
Bank and Investment balances	6,657	51,487
Net assets	38,999	91,741
Capital Expenditure	13,117	10,147

The accompanying statement of accounting policies forms part of these prospective financial statements.

Prospective statement of comprehensive revenue and expense

For the year ended 30 June

	2025 Estimated actual \$000	2026 Budget \$000
Revenue		
Levies revenue	165,753	305,058
Revenue from other services	6,936	7,251
Crown funding revenue	87,692	3,404
Ministry contract revenue	2,034	2,034
Interest and other revenue	1,367	1,165
Total revenue	263,782	318,912
Expense		
Personnel costs	221,089	226,224
Other cost of services	42,301	48,888
Finance costs	174	329
Depreciation and amortisation expense	9,325	10,509
Authority member costs	218	220
Total expense	273,107	286,170
Net Surplus/(Deficit)	(9,325)	32,742
Total comprehensive revenue and expenses	(9,325)	32,742

The accompanying statement of accounting policies forms part of these prospective financial statements.

Prospective statement of changes in equity

For the year ended 30 June

Equity	2025 Estimated actual \$000	2026 Budget \$000
Opening balance of equity at 1 July		
General funds	35,207	38,999
Total opening balance of equity at 1 July	35,207	38,999
Total comprehensive revenue and expense	(9,325)	32,742
Transfer to/(from) levies, fees and charges reserve	-	32,742
Transfer to/(from) general funds	-	(32,742)
Capital Contribution from Crown	13,117	20,000
Total changes in equity during the year	3,792	52,742
Closing balance of equity at 1 July		
General funds	38,999	58,999
Levies, fees and charges reserve	-	32,742
Total closing balance of equity at 1 July	38,999	91,741

The accompanying statement of accounting policies forms part of these prospective financial statements.

Prospective statement of financial position

As of 30 June

	2025 Estimated actual \$000	2026 Budget \$000
Current assets		
Cash and cash equivalents	6,657	51,487
Debtors and other receivables	24,252	29,930
Services work in progress	188	188
Total Current Assets	31,097	81,605
Non-current assets		
Property, plant and equipment	38,902	40,918
Intangible assets	14,246	11,820
Total Non-Current Assets	53,148	52,738
Total Assets	84,245	134,343
Current liabilities		
Creditors and other payables	16,915	14,154
Employees entitlements	20,489	20,606
Provisions	50	50
Total Current Liabilities	37,454	34,810
Non-current liabilities		
Employees entitlements	7,417	7,417
Provisions	375	375
Total Non-Current Liabilities	7,792	7,792
Total Liabilities	45,246	42,602
Net assets	38,999	91,741
Equity		
General funds	38,999	58,999
Levies, fees and charges reserve	-	32,742
Total Equity	38,999	91,741

The accompanying statement of accounting policies forms part of these prospective financial statements.

Prospective statement of cash flows

For the year ended 30 June

	2025 Estimated actual \$000	2026 Budget \$000
Cashflows from an operating activities cash was provided from:		
Receipts from levies	162,134	307,241
Receipts from other services	5,064	6,350
Receipts from Crown funding and Ministry contracts	89,726	5,438
Interest received	1,055	932
Receipts from other income	2,159	2,008
Total	260,138	321,969
Cash was applied to:		
Payments to employees	(216,437)	(223,442)
Payments to suppliers	(47,425)	(57,309)
Goods and Services Tax (net)	(7,488)	(6,241)
Total	(271,350)	(286,992)
Net Cash Flows from Operating Activities	(11,212)	34,977
Cash flows from investing activities		
Cash was applied to:		
Purchase of property plant and equipment	(9,853)	(8,512)
Purchase of intangible assets	(3,264)	(1,635)
Total	(13,117)	(10,147)
Net Cash Flows from Investing Activities	(13,117)	(10,147)
Cash flows from financing activities cash was provided from:		
Capital Injection from Crown	13,117	20,000
Total	13,117	20,000
Net Cash Flows from Financing Activities	13,117	20,000
Net increase/(decrease) in cash and cash equivalents	(11,212)	44,830
Opening Cash And Cash Equivalents as at 1 July	17,869	6,657
Closing Cash And Cash Equivalents as at 30 June	6,657	51,487

The accompanying statement of accounting policies forms part of these prospective financial statements.

Notes to the prospective financial statements

Statement of significant underlying assumptions

The CAA's operating budget for the 2025/26 financial year is based on the implementation (from 1 July 2025) of a recently completed Pricing Review. Increases to CAA's levies, fees and charges were approved by Cabinet in December 2024, following public consultation. The implementation of this review marks the end of five years of Crown 'liquidity support', which had been necessary to enable the CAA to continue to deliver its core functions, while managing the negative impacts to its revenues arising from the COVID-19 pandemic. The pandemic had resulted in both material reductions in key revenue drivers such as passenger volumes, and decisions by Cabinet to postpone triennial funding and pricing reviews that would otherwise have occurred during this period to address cost pressures.

Consistent with the legislative framework, the following significant assumptions have been applied in preparing the prospective financial statements for the CAA.

The prospective financial statements have been prepared in accordance with the Crown Entities Act 2004. They comprise:

- The combined prospective financial statements for the safety and security activities of the organisation; and
- Separate prospective financial statements for each of the CAA's safety and security regulatory activities.

This is in accordance with the Civil Aviation Act 2023, which requires the CAA to maintain separate accounts for the Aviation Security Service.

Projected passenger numbers

Forecasting revenue from passenger safety and security levies, based on international and domestic passenger volumes, remains challenging in the post pandemic era - impacted particularly by international economic and political uncertainties. These uncertainties can also impact domestic volumes, given there are knock-on impacts from domestic flights taken by overseas visitors during their visits, and passengers flying domestically to connect to international flights.

Domestically, changes in demand, particularly in the corporate sector (including from public sector agencies) have also resulted in reduced volumes from those seen immediately after the end of pandemic era restrictions.

Some airlines have also experienced capacity challenges with aircraft availability, that have impacted both international and domestic supply in recent years. This impact is expected to continue in to the next financial year.

International volumes are assumed to be 94% on average of pre-COVID levels across the full financial year, aligned with the December 2024 Border Executive Board forecast. Domestic volumes are assumed to be 90% of pre-COVID 19 levels across the full financial year.

Passenger Numbers	2025 Estimated actual	2026 Budget
Safety Levies: Domestic	12,477,714	12,516,230
Security Levies: Domestic	6,954,801	6,850,854
Safety Levies: International	6,342,224	6,537,270
Security Levies: International (includes international transit)	6,746,799	6,897,466

A 1% movement in domestic and international passenger volumes would have an estimated impact on projected revenues depicted in the following table:

Revenue	2025 Estimated actual	2026 Budget
Safety Levies: Domestic	199,063	490,636
Security Levies: Domestic	456,930	747,428
Safety Levies: International	101,475	256,260
Security Levies: International (includes international transit)	885,180	1,538,134

Security Function

Revenue 2024/25 and 2025/26

Revenue	2025 Estimated actual \$000	2026 Budget \$000
Levies revenue	133,989	228,556
Revenue from other services	1,872	1,791
Crown funding revenue	56,052	145
Interest and other revenue	755	680
Total revenue	192,668	231,172

Domestic passenger security levies are based upon departing passengers carried on jet aircraft with 90 or more passengers on each domestic sector. The domestic passenger safety levy is based upon departing passengers carried on each domestic sector by all airlines carrying greater than 20,000 passengers per annum.

Safety Function

Revenue 2024/25 and 2025/26

Revenue	2025 Estimated actual \$000	2026 Budget \$000
Levies revenue	31,764	76,502
Revenue from other services	5,064	5,460
Crown funding revenue	31,640	3,259
Ministry contract revenue	2,034	2,034
Interest and other revenue	612	485
Total revenue	71,114	87,740

Revenue from safety levies is collected on the total number of passengers departing on domestic and international flights and has been estimated based on the projections in the preceding passenger numbers table.

The 2025/26 budget has been set based on the Civil Aviation (Safety) Levies Order 2002 using the updated regulated safety levy of \$3.92 for both international and domestic passenger (GST exclusive). Airlines operating domestically under Australia-New Zealand Aviation privileges pay a domestic passenger levy of \$3.85 (GST exclusive).

Operations safety levies apply to commercial aviation operations i.e. agricultural, adventure, freight- only and those that carry fewer than 20,000 passengers per annum.

Fees and charges revenue

The revenue for fees and charges are based on the Civil Aviation Charges Regulations (No2) 1991 Amendment Regulation 2012 with the pricing structure reflecting the size of the industry and the income recoverable from regulatory interventions. This levy was changed effective 1 July 2025.

Expenditure

The 2025/26 budget has been set at a level that will enable our regulatory activities to deliver core functions and meet expectations around being intelligence led and be able to address issues arising from new aviation technologies.

Operating surpluses/deficits

The projected \$10.9 million surplus in 2025/26 reflects the rebuilding of reserves depleted at the start of the COVID-19 pandemic, restoring them to the mid-point target set in the CAA's Reserves Policy. This is consistent with final Cabinet decisions in respect of the CAA's recent Pricing Review. The target range for reserves is equivalent to 75% of six to nine weeks of operating expenses for the CAA's safety functions.

AvSec

Passenger security levies

Passenger security levies have been estimated based on the projections of security screened domestic and international passenger volumes stated in the tables on page 44.

The 2025/26 budget has been set based on a rate of \$10.91 (GST exclusive) for domestic passengers and \$22.30 (GST exclusive) for international passengers (including transit passengers). This levy was changed effective 1 July 2025.

Contracted services revenue

AvSec receives revenue from security services work provided to third parties. Revenue from these services is assumed to stay marginally in line with the 2025/26 year.

Expenditure

The 2025/26 budget has been set at a level that will enable AvSec to efficiently process the projected passenger volumes and deliver all of its other functions that are not directly linked to passenger volumes. It also includes AvSec’s share of corporate overhead costs of enabling and support functions.

Operating surpluses/deficits

The \$21.9 million surplus in 2025/26 reflects the rebuilding of reserves depleted during the COVID-19 pandemic, restoring them to the mid-point target set in CAA’s Reserves Policy in respect of AvSec. The policy sets a target range for reserves equivalent to six to nine weeks of operating expenses for AvSec, and this surplus is consistent with final decisions taken by Cabinet in respect of the recent Pricing Review.

Budget 2025 appropriation

In Budget 2025, a \$48 million appropriation Civil Aviation Authority – Capital Injection (2025-2030) was established, re-purposing funding approved in earlier Budget cycles for both liquidity support to the CAA and to fund its capital expenditure requirements from 2021 to 2026 whilst reliant on liquidity support.

The primary purpose of this appropriation is to fund remaining security screening upgrades, particularly with respect to the screening equipment used for holdstow baggage, which is now expected to occur later than was initially required back in 2021.

The appropriation can also be accessed to provide critical working capital funding early in the 2025/26 financial year, as the CAA will no longer have a Crown liquidity facility appropriation to rely on to meet normal working capital fluctuations in day-to-day cashflows early in the financial year. Ordinarily the CAA’s own reserves would address such funding requirements, but the rebuilding of these reserves from levy funding will only occur gradually across the financial year. Early access to this appropriation therefore also ensures the CAA can continue to meet going concern obligations during the period it takes for reserves to be replenished from levy funding.

The Responsible Minister has directed that any funds drawn from this appropriation for early-year liquidity purposes must be retained in the CAA’s reserves. These funds will remain reserved until the CAA finalises its investment plans for future upgrades to holdstow baggage screening equipment.

The CAA currently estimates it may require up to \$20 million from this appropriation to meet early financial year liquidity needs. This estimate is reflected in the prospective Statement of Changes in Equity and the Statement of Cash Flows for the year ending 30 June 2026.

Statement of accounting policies

Reporting entity

The CAA was established under the Civil Aviation Act 1990 as a Crown Entity on 10 August 1992, and is owned by the Crown. As a Crown Entity, the CAA is also subject to the provisions of the Crown Entities Act 2004. The CAA has a responsibility to work towards the development and delivery of achieving an integrated, safe, responsive, and sustainable civil aviation system.

As the CAA’s primary objective is to provide services for social benefit rather than for the purpose of making a financial return, the CAA has designated itself as a public benefit entity for financial reporting under New Zealand equivalents to International Public Sector Accounting Standards.

Basis of preparation

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Civil Aviation Act 2023, which includes the requirement to comply with the New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements comply with NZ FRS 42 and Public Benefit Entity (PBE) accounting standards.

The prospective financial statements contain information that may not be appropriate for purposes other than those described in the Board Statement on the inside cover.

Measurement basis

The prospective financial statements have been prepared on an historical cost basis, except where modified by the evaluation of certain items of property, plant and equipment, and the measurement of any derivative financial instruments at fair value.

With the exception of cash flow information which has been prepared on a cash basis, the prospective financial statements have been prepared on the basis of accrual accounting.

Presentation currency and rounding

The functional and presentation currency is New Zealand dollars. All values are rounded to the nearest thousand dollars (\$000).

Changes in accounting policies

There have been no changes in accounting policies.

Significant accounting policies

The following significant accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

Revenue

The CAA earns revenue from:

- Regulated levies on airlines based on departing international passenger volumes and domestic sectors travelled by passengers;
- Fees and charges for CAA and AvSec activities.
- Interest revenue;
- Crown funding through Vote Transport; and
- Ministry contracts (Ministry of Transport for aviation rules development and Ministry of Foreign Affairs and Trade for Pacific Security Fund activity).

Revenue is measured at the fair value of the consideration received or receivable.

Provision of fee-based services

Revenue derived from the CAA’s provision of safety and regulatory services is recognised in the Prospective Statement of Comprehensive Revenue and Expense in the period that the services have been rendered, in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the time spent on the work to date and the estimated time to completion.

Interest

Interest revenue is recognised using the effective interest method.

Crown funding and Ministry contracts

Revenue provided by the Crown and revenue earned under Ministry contracts is recognised in the Prospective Statement of Comprehensive Revenue and Expense in the period in which the CAA provides the funded programmes.

Goods and services tax

All items in the prospective financial statements are presented exclusive of Goods and Services Tax (GST), except receivables and payables, which are presented on a GST inclusive basis.

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

Net GST receivable or payable at balance date is included in receivables or payables in the Prospective Statement of Financial Position as appropriate.

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

Income tax

The CAA is a Public Authority in terms of the Income Tax Act 2004 and is consequently exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Payment of any surplus to the Crown

Section 165 of the Crown entities Act 2004 provides the Minister of Finance with discretion to require Crown entities to return annual and accumulated operating surpluses to the Crown, unless exempted in Schedule 1. The CAA is so exempted.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of foreign currency monetary assets and liabilities, are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

Other financial assets

Financial assets are initially recognised at fair value. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the CAA has transferred substantially all the risks and rewards of ownership.

Loans and receivables financial assets – comprising cash and cash equivalents, debtors and other receivables

Loans and receivables financial assets are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. After initial recognition, loans and receivables financial assets are carried at amortised cost using the effective interest method.

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

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Impairment of financial assets

Financial instruments are regularly reviewed for objective evidence of impairment. Both provisioned and non- provisioned bad debts are written-off when recovery actions have been unsuccessful and when the likelihood of recovery is considered remote.

Other financial liabilities

Financial liabilities measured at amortised cost – comprising creditors and other payables, finance lease liabilities

After initial recognition, financial liabilities measured at amortised cost are carried at amortised cost using the effective interest method.

Leases

Operating leases

The CAA leases office premises and office equipment.

As substantially all the risks and rewards incidental to ownership of the asset are retained by the lessor, these leases are classified as operating leases.

Operating lease payments are recognised in the Prospective Statement of Comprehensive Revenue and Expense as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments, with original maturities of three months or less. Cash is measured at its face value.

Services work in progress

The CAA carries services work in progress that includes costs incurred in the partial completion of certification and audit engagements.

The CAA’s services work in progress is measured at the lower of the costs incurred to date for the specific work being undertaken, and net realisable value. The estimated net realisable value is based on the contracted service price.

Any write-down from cost to net realisable value for services work in progress in the provision of services is recognised in the Prospective Statement of Comprehensive Revenue and Expense when the write-down occurs.

Investments

At each balance date the CAA assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments are measured at amortised cost using the effective interest method. For bank deposits, impairment is established when there is objective evidence that the CAA will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered factors that the deposit is impaired.

Property, plant and equipment

Property, plant and equipment assets are carried at cost less any accumulated depreciation and impairment losses.

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 CAA and the cost of the item can be measured reliably.

The minimum cost value for a purchase to be classified as a property, plant and equipment asset is \$2,500.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the Prospective Statement of Comprehensive Revenue and Expense. When re-valued assets are sold, the amounts included in revaluation reserves in respect of these assets are transferred to general funds.

Subsequent costs

Costs that are 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 CAA and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the Prospective Statement of Comprehensive Revenue and Expense as they're incurred.

Depreciation

Depreciation is provided for on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Leasehold improvements	Remaining life of lease	
Furniture and fittings	10 years	10%
Plant and equipment	5-10 years	20%-10%
Office equipment	5 years	20%
Motor vehicles	4-5 years	25%-20%
Computer equipment	3-4 years	33%-25%

Intangible assets

Software acquisition and development

Acquired computer software licenses and databases are capitalised on the basis of the costs incurred to acquire and bring these to use.

Costs incurred by the CAA for the development of software for internal use, other than for the development of software associated with websites, are recognised as an intangible asset where the asset meets the criteria for recognition. Costs recognised include the software development, employee costs and any other directly attributable costs.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software, staff training, and with the development and maintenance of websites, are expensed when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised.

The amortisation charge for each period is recognised in the Prospective Statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major classes of intangible asset have been estimated as follows:

Acquired computer software	3-5 years	33%-20%
Developed computer software	3-5 years	33%-20%

Impairment of property, plant and equipment and intangibles

The CAA does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for indicators of impairment at each financial reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which 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, 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 is impaired, its carrying amount is written down to the recoverable amount. For assets carried at historical cost the total impairment loss and any subsequent reversals of impairment are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

Employee entitlements

Short-term employee entitlements

Employee entitlements that the CAA expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

Long-term employee entitlements

Entitlements that are payable beyond 12 months are calculated on an actuarial basis by independent consulting actuaries. The calculations are based on:

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

The discount rate is based on the weighted average of interest rates for Government stock with terms to maturity similar to those of the relevant liabilities.

The inflation factor is based on the expected long-term increase in remuneration for employees.

Post-employment entitlements

Superannuation schemes: Obligations for the CAA's contributions to KiwiSaver, Government Superannuation Fund, and National Provident Fund are accounted for as contributions to a defined contribution superannuation scheme and are recognised as an expense in the Prospective Statement of Comprehensive Revenue and Expense.

Provisions

The CAA recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) because of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the obligation.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- **General Funds**
- **Property plant and equipment revaluation reserve:**
This reserve relates to the revaluation of property, plant and equipment to fair value
- **Passenger security levies and other fees and charges reserves:**
This reserve relates to the accumulated surpluses/ deficits arising from the recovery of costs relating to passenger security activities
- **Passenger safety reserves:**
This reserve relates to the accumulated surpluses/ deficits arising from the different funding sources relating to safety and regulatory activities.

Cost allocation

Criteria for direct and indirect costs

Direct costs are those costs directly attributable to an output. Indirect costs are those costs that cannot be identified with a specific output in an economically feasible manner.

Indirect costs for the CAA, including indirect depreciation, are charged on the basis of full-time equivalent staff members attributable to an output.

Indirect personnel, property, occupancy and certain other indirect costs for AvSec are charged on the basis of budgeted staff hours attributable to an output. Depreciation and capital charges are charged on the basis of asset utilisation.

The allocation of indirect costs to activities funded by way of a non-regulated charge will depend on the commercial basis on which the services are priced.

Critical accounting estimates, assumptions and judgments

In preparing the prospective financial statements the CAA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results and the variations may be material. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events, rather than occurring events or transactions, which are believed to be reasonable under the circumstances.

There are no critical accounting estimates and assumptions that will cause material adjustments to the carrying amounts of assets and liabilities within the financial year.



Additional prospective financial information

Prospective statement of comprehensive revenue and expense

For the year ended 30 June

	CAA		AvSec		Authority	
	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000
Revenue						
Levies revenue	31,764	76,502	133,989	228,556	165,753	305,058
Revenue from other services	5,064	5,460	1,872	1,791	6,936	7,251
Crown funding revenue	31,640	3,259	56,052	145	87,692	3,404
Ministry contract revenue	2,034	2,034	-	-	2,034	2,034
Interest and other revenue	612	485	755	680	1,367	1,165
Total revenue	71,114	87,740	192,668	231,172	263,782	318,912
Expense						
Personnel costs	68,435	68,103	152,654	158,121	221,089	226,224
Other cost of services	2,285	3,762	39,840	44,956	42,125	48,718
Audit fees for financial statements	176	170	-	-	176	170
Finance costs	-	-	174	329	174	329
Depreciation and amortisation expense	3,498	4,612	5,827	5,897	9,325	10,509
Authority member costs	218	220	-	-	218	220
Total expense	74,612	76,867	198,495	209,303	273,107	286,170
Net Surplus/(Deficit)	(3,498)	10,873	(5,827)	21,869	(9,325)	32,742
Total comprehensive revenue and expenses	(3,498)	10,873	(5,827)	21,869	(9,325)	32,742

Prospective statement of changes in equity

For the year ended 30 June

	CAA		AvSec		Authority	
	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000
Equity						
Opening Balance of Equity at 1 July						
General funds	18,001	17,707	17,206	21,292	35,207	38,999
Total opening balance of equity at 1 July	18,001	17,707	17,206	21,292	35,207	38,999
Total comprehensive revenue and expense	(3,498)	10,873	(5,827)	21,869	(9,325)	32,742
Transfer to levies, fees and charges reserve	-	10,873	-	21,869	-	32,742
Transfer from general funds	-	(10,873)	-	(21,869)	-	(32,742)
Capital Contribution from Crown	3,204	8,000	9,913	12,000	13,117	20,000
Total changes in equity during the year	(294)	18,873	4,086	33,869	3,792	52,742
Closing balance of taxpayers' equity at 30 June						
General Funds	17,707	25,707	21,292	33,292	38,999	58,999
Levies, fees and charges reserve	-	10,873	-	21,869	-	32,742
Total closing balance of taxpayers' equity at 30 June	17,707	36,580	21,292	55,161	38,999	91,741

Prospective statement of financial position

For the year ended 30 June

	Safety		Security		CAA	
	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000
Current assets						
Cash and cash equivalents	3,300	20,051	3,357	31,436	6,657	51,487
Debtors and other receivables	8,712	12,286	15,540	17,644	24,252	29,930
Services Work in Progress	188	188	-	-	188	188
Total current assets	12,200	32,525	18,897	49,080	31,097	81,605
Non-current assets						
Property, plant and equipment	4,510	4,439	34,392	36,479	38,902	40,918
Intangible assets	14,052	11,682	194	138	14,246	11,820
Total non-current assets	18,562	16,121	34,586	36,617	53,148	52,738
Total assets	30,762	48,646	53,483	85,697	84,245	134,343
Current Liabilities						
Creditors and other payables	5,888	4,948	11,027	9,206	16,915	14,154
Employees entitlements	6,399	6,350	14,090	14,256	20,489	20,606
Provisions	50	50	-	-	50	50
Total current liabilities	12,337	11,348	25,117	23,462	37,454	34,810
Non-Current Liabilities						
Employees entitlements	443	443	6,974	6,974	7,417	7,417
Provisions	275	275	100	100	375	375
Total non-current liabilities	718	718	7,074	7,074	7,792	7,792
Total liabilities	13,055	12,066	32,191	30,536	45,246	42,602
Net assets	17,707	36,580	21,292	55,161	38,999	91,741
Equity						
General funds	17,707	25,707	21,292	33,292	38,999	58,999
Levies, fees and charges reserve	-	10,873		21,869	-	32,742
Total equity	17,707	36,580	21,292	55,161	38,999	91,741

Prospective statement of cash flows

For the year ended 30 June

	Safety		Security		CAA	
	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000
Cash Flows from Operating Activities						
Cash was provided from:						
Receipts from Levies	31,492	72,307	130,642	234,934	162,134	307,241
Receipts from Passenger security charges and other services	5,064	6,350	-	-	5,064	6,350
Receipts from Crown funding and Ministry contracts	33,674	5,293	56,052	145	89,726	5,438
Interest received	325	252	730	680	1,055	932
Receipts from other income	287	231	1,872	1,777	2,159	2,008
Total	70,842	84,433	189,296	237,536	260,138	321,969
Cash was applied to:						
Payments to employees	(65,606)	(65,395)	(150,831)	(158,047)	(216,437)	(223,442)
Payments to suppliers	(7,689)	(7,918)	(39,736)	(49,391)	(47,425)	(57,309)
Interest paid	-	-	-	-	-	-
Payments of capital charge to the Crown	-	-	-	-	-	-
Goods and Services Tax (net)	(1,446)	(199)	(6,042)	(6,042)	(7,488)	(6,241)
Total	(74,741)	(73,512)	(196,609)	(213,480)	(271,350)	(286,992)
Net Cash Flows from Operating Activities	(3,899)	10,921	(7,313)	24,056	(11,212)	34,977
Cash was applied to:						
Purchase of property plant and equipment	-	(600)	(9,853)	(7,912)	(9,853)	(8,512)
Purchase of intangible assets	(3,204)	(1,570)	(60)	(65)	(3,264)	(1,635)
Total	(3,204)	(2,170)	(9,913)	(7,977)	(13,117)	(10,147)
Net Cash Flows from Investing Activities	(3,204)	(2,170)	(9,913)	(7,977)	(13,117)	(10,147)
Cash Flows from Financing Activities						
Cash was provided from:						
Capital Injection from Crown	3,204	8,000	9,913	12,000	13,117	20,000
Total	3,204	8,000	9,913	12,000	13,117	20,000
Net Cash Flows from Financing Activities	3,204	8,000	9,913	12,000	13,117	20,000
Net increase/decrease in cash and cash equivalents	(3,899)	16,751	(7,313)	28,079	(11,212)	44,830
Opening cash and cash equivalents at 1 July	7,199	3,300	10,670	3,357	17,869	6,657
Closing Cash & Cash Equivalents at 30 June	3,300	20,051	3,357	31,436	6,657	51,487

Prospective reconciliation of equity: capital expenditure

For the year ended 30 June

	Safety		Security	
	2025 Estimated actual \$000	2026 Budget \$000	2025 Estimated actual \$000	2026 Budget \$000
Proposed Capital Expenditure				
Computer hardware	-	600	120	50
Computer software	3,204	1,570	60	15
Plant & equipment	-	-	8,993	7,595
Furniture & fittings	-	-	506	142
Leasehold Improvements	-	-	234	175
Total	3,204	2,170	9,913	7,977

