



Statement of Intent 2010-2013



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# Foreword: Minister of Transport

The government's top priority for transport is to maximise the sector's contribution to economic growth and productivity.

The government views the roading network as the core of our transport system. This is because 84 percent of journeys to work in urban areas are by car, truck or motorbike, and 70 percent of freight tonne-kilometres are carried by road.

For this reason the government has increased funding for State highways by more than \$1 billion over the three years from 2009 to 2012, and investment in State highways has been lifted to 35 percent of the total National Land Transport Fund. This will see almost \$11 billion invested over the next 10 years.

Last year I announced seven of our most essential routes that require work to reduce congestion, improve safety and support economic growth. Substantial progress has been made on these Roads of National Significance (RoNS); in particular, the Christchurch Southern Motorway, Auckland Western Ring Route, Auckland Victoria Park, Transmission Gully (part of the Wellington upgrade) and the Puhoi to Wellsford route. It is my intention to have all RoNS projects completed, or well underway, within 10 years.

Another key priority for the government is road safety. Much progress has been made in road safety over the past year. We have introduced legislation to combat drugged driving, to ban the use of hand-held mobile phones, and to tackle illegal street racing and the anti-social use of vehicles.

The recently released Safer Journeys strategy will guide our approach to road safety over the next 10 years. It takes a 'Safe System' approach which looks at all elements of the road system (vehicles, roads, speeds and road users) and recognises that everybody has a responsibility for road safety. The strategy lists some of the actions we will work towards to improve road safety over the next decade. The first action plan from the strategy is currently being developed for release later this year. Initial actions will focus on young drivers and alcohol.

The roading network will remain at the heart of our transport system, but other modes will also have an important role to play in offering an efficient supply chain and modal choice for passenger transport, particularly in urban areas. Rail will be a key part of this. As its owner, the government wants KiwiRail to operate as a successful commercial business unit. Some investment is going to be necessary in turning this business around. In Auckland and Wellington, metro rail helps to reduce congestion and increase modal choice. Investment in both road and rail in Auckland will cater for increasing demand and deliver a modern, safe, reliable public transport system that people expect in a major city.

Reducing compliance cost and simplifying the legislative and regulatory framework will be a key priority for the transport portfolio. These, together with improved performance of transport Crown entities, will improve value for money and contribute to the productivity of the sector.

Considerable progress has been made in the government's priority areas for transport. The Ministry of Transport, as my principal adviser on transport matters, plays a critical role in helping the government create and implement transport policy and facilitate effective governance, performance and capability of transport Crown entities. We will continue working towards the government's overall goal of growing the New Zealand economy so that we can all enjoy greater prosperity, security and opportunity.

This Statement of Intent sets out what the Ministry will be doing to support the government and how it plans to go about it. I am satisfied the Statement of Intent reflects my expectations of the Ministry.

## MINISTERIAL STATEMENT OF RESPONSIBILITY

I am satisfied that the information on future operating intentions provided by my department in this Statement of Intent and the *Information Supporting the Estimates* is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the government.



**Hon Steven Joyce**  
Responsible Minister for Ministry of Transport

# Introduction from the Chief Executive

The Ministry of Transport is working hard to ensure that transport plays its role in supporting the government's goal of growing the economy and improving productivity. Achieving a successful transport system in New Zealand is crucial to the performance of our economy, the operation of our communities and our way of life.

Our operating intentions reflect the priorities of the government and, particularly, the Minister and Associate Minister of Transport. We will show our commitment to delivering on the government's priorities by providing Ministers with advice of the highest calibre. We will also ensure that transport is considered in priority policy work within other government portfolios. We also need to focus on the future to better anticipate transport challenges and make the most of opportunities as they emerge. We see this approach as ensuring that we are able to support the government with practical evidence-based advice, which is tailored to meet New Zealand's transport needs.

The government has challenged the public sector to deliver greater value for money, improved productivity, and innovation. Part of our response to this has been to make a commitment to the government to manage within a reducing budget over at least the next two years.

We are also implementing changes to support greater productivity and performance. The Ministry underwent a reorganisation in September 2009 and is now working towards a new mode of operation as an effective, professional services ministry. Our flexible approach to the way we work will allow us to better manage our resources and focus on the work that is a priority for the government.

Our success is heavily influenced not just by the quality of our work, but also by the quality of the engagement we have with our stakeholders. We are part of the government transport sector, together with the transport Crown entities and State-owned enterprises, and have a specific role in supporting the performance and capability of the Crown entities. What's more, central government is just one player, alongside local government and the private sector, involved in providing the transport infrastructure and services that underpin New Zealand's economy and way of life. We cannot perform our role effectively without a good understanding of the issues affecting each of the players in the transport system. A key focus for us is to develop and maintain effective engagement with our various stakeholders to ensure our advice to government is well informed and workable.

## CHIEF EXECUTIVE STATEMENT OF RESPONSIBILITY

In signing this statement, I acknowledge that I am responsible for the information contained in this Statement of Intent for the Ministry of Transport. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2010/11 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



**Martin Matthews**  
Chief Executive, Ministry of Transport



**Fiona Macmaster**  
Chief Financial Officer (Acting), Ministry of Transport

# The transport system in New Zealand

The transport system is essential to supporting economic activity and connecting society. As a trading nation far away from key markets, New Zealand needs an efficient and effective transport system. However, there is more to it than that. Efficient and effective transport systems are also critical to the way New Zealanders lead their lives and how our communities operate.

Strong linkages between road, rail, maritime and aviation are vital if we are to get people to and from work, enable freight to move around the country and off-shore, and support tourism as one of New Zealand's biggest foreign exchange earners.

New Zealand's transport infrastructure has a mix of public and private ownership, with land transport infrastructure being largely in public ownership, and the majority of maritime and aviation services provided commercially. The challenge for the Ministry is to develop policies and advice that balance the differing needs and perspectives of both the government and private sector, while delivering an efficient and effective transport system.

## Nature and scope of functions

**Our role is to be a trusted, impartial, expert adviser to government: shaping transport for New Zealand. We will fulfil this by being an effective, professional services ministry.**

The Ministry of Transport is the government's principal transport adviser, and the bulk of our work is in providing policy advice and support to Ministers. Through our advice we aim to improve the overall performance of the transport system, improve the performance of transport Crown agencies and achieve better value for money for the government from its investment in the transport system.

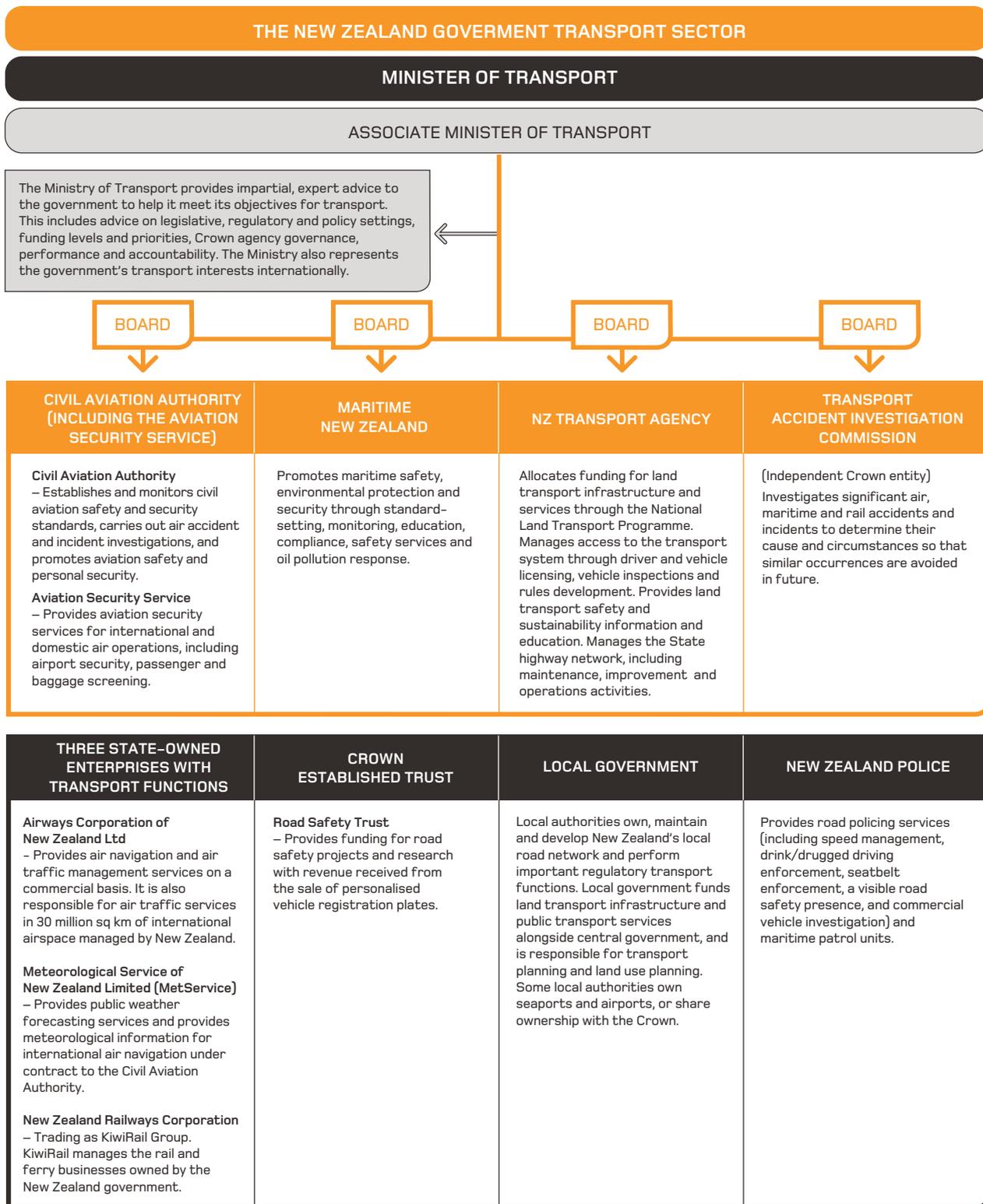
We help the government give effect to its policy by supporting the development of legislation, regulations and rules, and by managing and accounting for funds invested in transport. We also represent New Zealand's interests internationally, particularly in aviation and maritime. We assist the government in its relationship with the transport Crown agencies to ensure they are effectively governed, and accountable for their performance. We also work across government to provide a transport perspective on initiatives when appropriate. We also provide advice on the level and collection of road user charges and fuel excise duty needed to fund transport investment.

The Ministry has the following output classes:

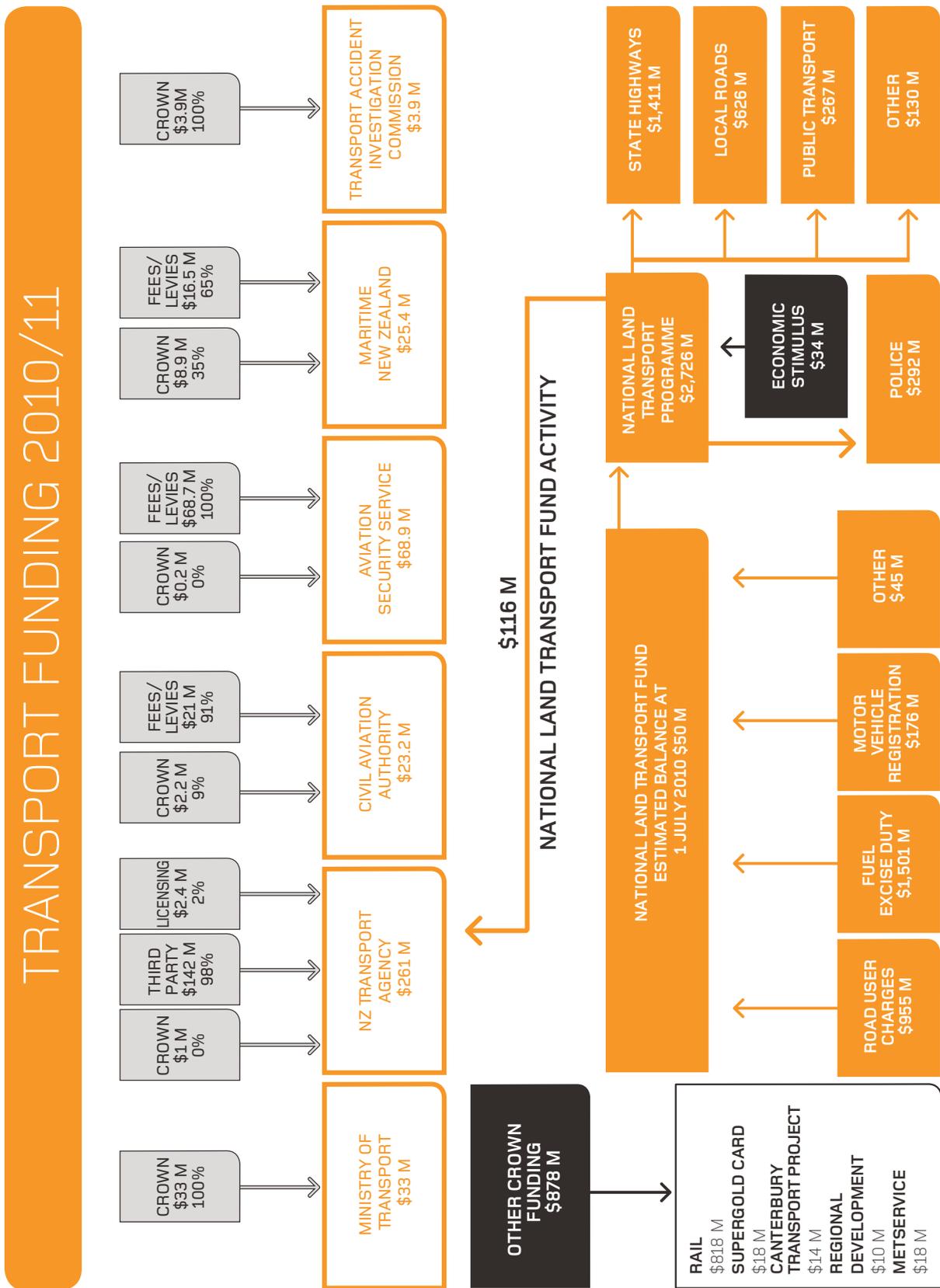
- *Policy advice*, which includes advice relating to all modes of transport and associated rules programmes.
- *Governance and performance advice and support*.
- *Land transport revenue forecasting and strategy*.
- *Refund of fuel excise duty* (contracted to the NZ Transport Agency).
- *Road user charges collection, investigation and enforcement* (contracted to the NZ Transport Agency).
- *Airport operation and administration*, which is for the operation of Milford Sound/Piopiotahi Aerodrome.

# What we are part of

The New Zealand government transport sector includes the Minister of Transport, the Associate Minister of Transport, four Crown entities, three State-owned enterprises and one Crown established trust. These entities and their functions are explained in the diagram below.



In 2010/11, approximately \$3.3 billion of funding is projected to be administered by the government transport sector. The following table provides a summary of the estimated revenue inflows by source and expenditure outflows for each entity.



# Strategic direction

## STRATEGIC ENVIRONMENT

### THE GLOBAL ECONOMY STARTS TO RECOVER...

The global economy is recovering from the economic slowdown, and financial conditions have improved, but the pace of the recovery varies throughout the world and is still fragile. Unprecedented government and central bank interventions around the globe have stabilised financial institutions and markets, stimulated demand and restored confidence to businesses and consumers. Across advanced economies, following sharp declines, output has increased slightly in some countries and fallen at a more modest pace elsewhere. Emerging economies, particularly in Asia, are returning to previous growth rates more quickly. As a trading nation with long distances to transport our products to markets, the state of the world economy has a significant impact on New Zealand's livelihood.

### CHALLENGES FOR THE NEW ZEALAND ECONOMY REMAIN...

While the worst of the global recession seems to have passed, it will still take some time for economic growth to gain pace again, and New Zealand remains exposed to the risk of similar shocks. The challenge for the New Zealand economy is to sustain growth and to increase economic resilience.

Even though New Zealand's economy is recovering gradually, growth rates of 0.2 percent<sup>1</sup> are not yet sufficient to impact positively on the labour market<sup>2</sup> or the government's budget, which showed an operating balance of a \$10.5 billion deficit for the last financial year<sup>3</sup>.

New Zealand's freight demand is expected to grow by 75 percent over the next 20 years<sup>4</sup>. This will increase existing capacity issues in freight transport, such as imbalances between goods that are imported to New Zealand and goods that are exported.

### KEY TRANSPORT CHALLENGES...

Transport is vital to supporting economic activity, and plays a core role in assisting the economy to grow, improving safety, connecting our communities and lowering the associated environmental effects. However, it faces a number of challenges.

#### Removing transport barriers to economic growth and productivity

While New Zealand is an economically advanced country it is in the lower half of the OECD prosperity rankings. This is linked primarily to low labour productivity, which has persisted since the mid-1980s. New Zealand's distance from its markets results in higher transport, and therefore international, trade costs. To overcome the competitive disadvantage of geographic isolation New Zealand will have to lower domestic freight costs, improve the ease of across-border trading and reduce

costs per container to the levels of leading OECD countries<sup>5</sup>. Changes in structural deficiencies in production capacity may have significant implications for changing economic patterns in the future. While other modes will also play a role, cars and trucks are likely to continue to be key in the future transport task. New Zealand's infrastructure will require continued high levels of investment, domestic freight transport will need to become more efficient, and journey times more reliable.

Transport has a highly visible role in preserving New Zealand's reputation as a safe tourism destination and reliable trading partner. The participation, adoption and maintenance of international maritime and aviation safety and security standards is just one prerequisite. Transport must also play its part in preserving and promoting New Zealand's competitive advantages as an environmentally responsible exporter and tourist destination. Efforts to increase fuel efficiency and reduce carbon emissions from New Zealand's vehicle fleet aim to make transport more affordable, energy secure and manage greenhouse gas emissions, while also increasing safety standards. Efficient transport in general will help lower the costs of domestic freight transport when exporting goods and accommodate an increasing volume of freight.

#### Keeping transport affordable for individuals and the government

Increasing transport demand and new technologies create significant challenges for sustaining transport revenue and, hence, the affordability of transport for individuals, businesses and the government. Current methods of generating revenue are exposed to a number of fluctuations, particularly in economic activity and oil prices. This affects the government's ability to fund and invest in priority transport infrastructure within the required time frames. Over the longer term, new fuels and technologies will challenge the way transport revenue is currently generated. Ensuring that transport Crown entities operate efficiently is another part of making the transport system affordable.

#### Keeping Auckland moving

Auckland is New Zealand's largest urban centre and is increasingly important for national prosperity and economic growth. Auckland is forecast to grow by the size of Wellington over the next 20 years<sup>6</sup>, and growth in the Bay of Plenty and Waikato is also expected to be significant. Auckland is the gateway into New Zealand for most visitors, and together with Tauranga, handles the majority of international freight. A major challenge for Auckland's future success is accommodating growth in an affordable way without increasing the associated side effects.

#### Ensuring transport meets society's wider needs

Transport is a vital part of connecting society. Because of this, New Zealanders expect a fully connected, accessible, clean and safe transport system. They expect a system that contributes to an increase in their standard of living as well as their quality of life.

1 Real Gross Domestic Product in the June and September quarters of 2009.

2 Unemployment was at 7.3 percent in February 2010 (Statistics New Zealand, 2010).

3 The Treasury, 2010.

4 *National Freight Demands Study*, 2008.

5 The cost to export per container in New Zealand is US\$868 compared to US\$495 in Finland. This includes the costs of obtaining all the documents, inland transport, customs clearance and inspections, and port and terminal handling. It does not include overseas shipping costs or tariffs. (World Bank, 2009).

6 Statistics New Zealand, 2010.

New Zealand's comparatively older vehicle fleet impacts on vehicle safety, levels of greenhouse gas and harmful emissions, and transport affordability. In addition, transport alternatives to the private vehicle are limited, partly as a result of low population density, and this creates accessibility challenges, particularly for an ageing population.

## THE GOVERNMENT'S STRATEGIC DIRECTION

### THE GOVERNMENT'S OVERALL GOAL...

The government's overall goal is to grow our country's economy to deliver greater prosperity, security and opportunities for all New Zealanders. The government has identified six main policy drivers that will help achieve this goal:

- A growth-enhancing tax system.
- Better public services.
- Support for science, innovation and trade.
- Better regulation, including regulations around natural resources.
- Investment in infrastructure.
- Improved education and skills.

### THE GOVERNMENT'S LONG-TERM TRANSPORT OUTCOMES...

To meet the government's overall goal and to respond to the key challenges, the Minister of Transport has identified the following long-term transport outcomes:

- A. An efficient transport system that supports high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations.
- B. A sustainable funding basis for transport infrastructure investments and use.
- C. A high-quality transport system for Auckland, the nation's largest economic hub.
- D. An accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare.

### THE GOVERNMENT'S IMMEDIATE PRIORITIES FOR TRANSPORT...

Over the next two years the government has indicated the following immediate transport priorities.

#### Investment in infrastructure

Increased transport infrastructure funding will have a direct influence on growing New Zealand's economy by increasing productivity, securing jobs and increasing employment. The government wants to continue momentum in this area; in particular, continuing to build the Roads of National Significance (RoNS). The government has identified seven of New Zealand's most essential routes that require work to reduce congestion, improve safety and support economic growth.

The RoNS are:

- Puhoi to Wellsford - SH1
- Auckland Western Ring Route - SH20/16/18
- Auckland Victoria Park bottleneck - SH1
- Waikato Expressway - SH1
- Tauranga Eastern Corridor - SH2
- Wellington Northern Corridor (Levin to Wellington) - SH1
- Christchurch motorway projects.

Beyond the RoNS, identifying new approaches to the planning, management and development of the network, such as a classification system of State highways, will help to ensure that infrastructure investment is made in a targeted and efficient way.

To be able to increase economic growth and productivity, land transport funding requires a sustainable revenue framework. Information on future developments in transport will be important in identifying potential opportunities to improve productivity, efficiency and performance.

#### Better regulation

Simplifying, modernising and streamlining transport's legislative and regulatory framework in order to reduce compliance costs will remain a high priority. Such work will include reviewing the road user charges system, the Land Transport Management Act, the Public Transport Management Act, Civil Aviation and Maritime Transport Acts, and fees and activity classes in the National Land Transport Fund. Implementing measures, such as the amended Vehicle Dimensions and Mass Rule for heavy vehicles, will further contribute to the productivity of the transport sector and, as a result, to economic growth.

#### Better public services

Evolving KiwiRail into a commercial enterprise is a top priority to improve value for money in the transport portfolio. By establishing and maintaining appropriate governance as well as institutional, funding and legislative frameworks, KiwiRail will be able to contribute positively to the transport system in the future. To achieve this, wider support from all existing and potential stakeholders will be required. The government is committed to providing a rail freight infrastructure that meets the requirements of importers and exporters.

Public transport can play a role in reducing congestion and improving overall transport efficiency. Improved operating models for Auckland and Wellington metro rail, as well as for the bus and ferry sectors, will help improve the quality and value for money obtained from public transport services.

Efficient and cost-effective performance of transport Crown entities is also vital to reducing costs for transport users and helping make New Zealand more competitive.

#### Road safety

Road safety will also be a high priority for the government. Promoting a Safe System approach is acknowledged as integral to achieving safety gains. The approach recognises that all components must play their part in order for the system to operate safely. This is already central to marine and aviation operating practice, and is being incorporated into land transport policy using Safer Journeys, New Zealand's road safety strategy 2010–2020, as the foundation.

# Operating Intentions



## MULTIMODAL

Transport underpins economic activity. Freight transport demand is expected to grow by about 75 percent over the next 20 years<sup>7</sup>. Overall transport demand is forecast to grow by 34 percent over the same period<sup>8</sup>. The transport sector's key challenge is to provide options that enhance its contribution to improving productivity and growing the economy. Given New Zealand's distance from key markets, moving domestic and international freight more efficiently will also be vital to New Zealand's economic performance. Transport also plays an important role in the success of our cities, particularly Auckland as it generates one-third of New Zealand's national goods and services<sup>9</sup>. There is also significant potential for economic and environmental co-benefits from increasing transport's efficiency.



## ROAD

The road network is central to New Zealand's transport system. It is crucial to the performance of our economy, communities and our way of life. The road network on average carries 70 percent of New Zealand's freight movements and 84 percent of the journeys to work<sup>10</sup>. Increasing road transport's contribution to economic activity through investment, particularly in Roads of National Significance, remains vital for the government to achieve its goals of growing the economy and increasing the safety of the road system. Vital to maximising road transport's contribution to productivity improvements will be improving national and urban networks, an efficient fleet, enhanced logistics, improved linkages between roads and other modes, and efficient public transport operations.

7 National Freight Demands Study, 2008.

8 National Freight Demands Study, 2008.

9 Statistics New Zealand, 2010.

10 Ministry of Transport, 2009.



## RAIL

Rail is a vital part of New Zealand's transport network. It carries approximately 15 percent of New Zealand's freight and more than 18 million urban commuters in Auckland and Wellington each year<sup>11</sup>. Rail can be an effective mode of transport for high freight volumes and for long haul freight. An efficient rail network can provide businesses with an affordable option for carrying freight long distances while providing critical links to and from ports, all of which are located within cities.



## AVIATION

Aviation is an innovative industry that connects our communities and makes a significant contribution to economic growth. Each year, approximately 2.5 million visitors arrive at New Zealand airports, contributing nearly \$9 billion to the New Zealand economy<sup>12</sup>. Air transport is also essential to the export of time-sensitive goods, including fresh horticulture and seafood products, which are growing areas of our economy. Effective air services allow firms to shorten delivery times, minimise inventory costs and limit interruptions to production. Maintaining and enhancing international air traffic rights remains important to provide access to global markets, enable trade and tourism and connect New Zealand and New Zealanders to the world. Complying with international safety, security and environmental obligations ensures access to the international aviation system.



## MARITIME

International shipping carries the vast majority of New Zealand's import and export goods, and the cruise industry plays an increasing role in our tourism market. New Zealand is economically dependent on high-quality, timely, safe and cost-effective international shipping services. Efficient maritime transport relies on competitive sea ports and effective integration with domestic road and rail networks. Complying with international safety, security and environmental obligations ensures access to the international maritime system, which is particularly vital for New Zealand as a trading nation.

11 National Freight Demands Study, 2008.

12 Statistics New Zealand, 2009.

### THE GOVERNMENT'S OVERALL GOAL

To grow the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders.



### THE GOVERNMENT'S LONG-TERM OUTCOMES FOR TRANSPORT

- A** An efficient transport system that supports high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations.
- B** A sustainable funding basis for transport infrastructure investments and use.
- C** A high-quality transport system for Auckland, the nation's largest economic hub.
- D** An accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare.



### THE GOVERNMENT'S IMMEDIATE PRIORITIES FOR TRANSPORT

Investment in infrastructure, better regulation, better public services, road safety.

GOVERNMENT'S LONG-TERM OUTCOMES#	THE MINISTRY'S PLANNED PROGRAMMES OF ACTION	RATIONALE	OUTPUT*	IMPACT*
 <b>MULTIMODAL</b>				
<b>AB</b>	Identify options to enhance the contribution of the freight sector to economic growth and productivity.	Efficient supply chains are an essential component of a productive export economy. This programme will inform future policy development to improve freight efficiency in a way that is affordable for the government and the private sector.	Development of a coordinated Ministry programme on freight and recommendations to improve freight efficiency and effectiveness.	Increased efficiency of the supply chain that contributes positively to economic growth and productivity in New Zealand.
<b>ABCD</b>	Improve the Ministry's understanding of the nature and scale of developments in transport supply and demand in the future, and identify opportunities to improve productivity, efficiency and performance.	Improved understanding will help to ensure that future policy decisions and public and private sector investments maximise the social and economic benefits provided by transport, while minimising the economic, social and environmental costs.	Development of scenarios on the transport task 2030 and identification of options for policy development.	Increased transport productivity and enhanced contribution to economic growth and social wellbeing.
<b>ABCD</b>	Provide strategic guidance to transport agencies, local government and the wider transport sector.	Clarifying the government's intentions for transport will assist in coordinating the activity of players throughout the sector.	Provision of strategic guidance provided to the transport sector by mid-2011.	Long-term progress towards all four government outcomes.
<b>ABD</b>	Facilitate effective governance, performance and capability of transport Crown agencies.	Assisting transport Crown agencies to deliver on the Minister's priorities while achieving value for money will contribute to reduced costs, improved investment decisions and better government services for the transport sector.	Provision of clear expectations to, and regular engagement with, Boards and Crown agencies. Provision of timely and robust advice to the Minister on governance, performance and capability issues and options for improvement.	Increased value for money delivered by transport Crown agencies.
<b>AD</b>	Implement policies and investigate options to increase transport energy efficiency and manage greenhouse gas emissions of all modes.	A more efficient transport system will increase productivity and contribute to environmental outcomes.	Implementation of policies and identification of options to improve energy efficiency in line with the New Zealand Energy Strategy, reduce emissions and increase the affordability of transport.	Increased energy efficiency and reduced greenhouse gas emissions in all transport modes.
<b>AC</b>	Implement transport-related changes from reviewed governance legislation for Auckland.	Improved governance structures for Auckland will enable decision making to be more aligned with government priorities and outcomes, including those decisions made on transport.	Implementation of transport-related changes from reviewed governance legislation for Auckland.	Increased focus and continuity in decision making to deliver a transport network that supports Auckland's growth and economic success.
<b>ABCD</b>	Contribute to work streams that aim to improve the interaction between urban planning and infrastructure decision making.	Integrating urban and transport planning provides opportunities for more efficient transport, improved urban environments and reduced costs for infrastructure.	Provision of input and support to the Ministry for the Environment-led review of the Resource Management Act.	Increased integration of transport, land use and other infrastructure planning to contribute to the success of our cities.
<b>D</b>	Implement policies and identify options to ensure that transport meets society's wider needs.	Improved access, safety and reduced environmental impacts can improve transport's contribution to people's quality of life.	Implementation of policies and identification of options to ensure that transport meets society's wider needs.	An accessible, efficient and safe transport system that contributes positively to the nation's economic, social and environmental well being.

# A-D show the relationship between the operating intentions outlined in this section and the government's long-term outcomes for transport.

\* If not stated otherwise, the output/impact refers to the timeframe of this Statement of Intent 2010-2013.

GOVERNMENT'S LONG-TERM OUTCOMES <sup>#</sup>	THE MINISTRY'S PLANNED PROGRAMMES OF ACTION	RATIONALE	OUTPUT*	IMPACT*
 <b>ROAD</b>				
<b>ABD</b>	Align policy on investment, planning and management of roads with the government's desired outcomes.	Well designed policy on the planning, management and funding of the network will allow road improvements to be targeted effectively and, in the long term, ensure more efficient use of resources.	Publication of the 2012-2015 <i>Government Policy Statement on Land Transport Funding</i> (GPS) in mid-2011. Contribution to the development of State highway classifications.	Increased efficiency of national and urban networks to enhance economic activity, meet affordability needs of communities and efficient use funds more efficiently.
<b>AD</b>	Develop and implement land transport safety and security initiatives.	Safer Journeys, New Zealand's road safety strategy 2010-2020, contains a range of measures that will reduce deaths and injuries on the roads, and is based on extensive research and consultation. Delivery of the strategy will bring positive safety outcomes.	Development and implementation of action plans that deliver on Safer Journeys.	Reduced number of deaths and serious injuries as a result of road crashes.
<b>ABCD</b>	Review regulation and legislation to improve transport outcomes while streamlining and simplifying processes and reducing compliance costs for transport users.	Reviewing transport legislation, regulation and rules, including the Land Transport Management Act and Road User Charges Act will enable the Ministry to streamline processes and identify opportunities to reduce compliance costs, while also offering the potential for better transport outcomes.	An amendment to the Land Transport Management Act to be passed by the end of 2011. An amended Road User Charges Act to be passed before June 2011. Identification of further options to simplify and streamline transport rules and legislation.	Simplified and streamlined planning and decision-making processes, along with reduced compliance costs.
<b>B</b>	Identify options to make the land transport revenue framework more sustainable.	Without change, revenue levels may not be related to use levels and may not be able to meet demand for infrastructure in the medium to long term. Advice on options to improve the sustainability of the land transport revenue framework will assist the Minister in keeping transport affordable for both users and government.	Identification of further options to improve the sustainability of the land transport revenue framework.	Funding basis for transport infrastructure investments and use more sustainable.
<b>ABCD</b>	Working closely with the NZ Transport Agency and regional councils to identify and deliver options to improve value for money in public transport, walking and cycling funding and investment.	Revising funding and procurement policy in relation to public transport and walking and cycling, and regulations and legislation applying to public transport have the potential to achieve greater value for money in the support for these modes by government.	An amendment of the Public Transport Management Act to be passed in 2010/11.	Increased value for money in the procurement of public transport infrastructure and services, and walking and cycling infrastructure.
<b>ABD</b>	Implement the agreed standards and identify further policy options to reduce harmful emissions from road vehicles. Identify options to increase the safety and efficiency of the vehicle fleet.	Increased air quality will improve the quality of life in our cities. A safer vehicle fleet reduces road trauma and contributes to a safe transport system. Increased energy efficiency of the vehicle fleet improves energy security and transport's contribution to economic productivity, while reducing greenhouse gas and harmful emissions.	Implementation of improved standards and identification of further options to improve transport-related air quality. Identification of options to increase the safety of the vehicle fleet in line with Safer Journeys, New Zealand's road safety strategy 2010- 2020. Identification of options to increase the efficiency of the vehicle fleet in line with the New Zealand Energy Strategy.	Reduced levels of harmful emissions from road vehicles. Safer vehicles that contribute to a safe transport system. More efficient vehicles that reduce energy consumption and increase transport affordability.

GOVERNMENT'S LONG-TERM OUTCOMES <sup>#</sup>	THE MINISTRY'S PLANNED PROGRAMMES OF ACTION	RATIONALE	OUTPUT *	IMPACT *
 <b>RAIL</b>				
<b>ABCD</b>	Advise the government on the long-term role of rail in New Zealand's transport system.	An agreed vision for the future of rail will provide essential context for subsequent work by KiwiRail and how it develops and operates in relation to freight and passengers.	Advice to the Minister on the long-term role of rail in New Zealand's transport system.	Clarity amongst all relevant stakeholders on the government's long-term vision for rail in New Zealand.
<b>B</b>	Develop and implement an operational model for the commercial success of KiwiRail freight operations, working closely with KiwiRail and Treasury.	The new operational model enables a sustainable KiwiRail freight business, keeping rail transport affordable for government and KiwiRail's customers.	Operational model and capital funding package to be agreed on by the government.	Increased commercial sustainability of KiwiRail. Improved services for freight customers.
<b>ACD</b>	Implement operating models for metro rail services in Auckland and Wellington and monitor rail infrastructure upgrades in Auckland and Wellington.	The new operational model will contribute to reliable and cost-effective passenger rail services in Auckland and Wellington.	The agreed operating model for metro rail is in place. Contribution of upgrades within agreed project budget and timelines. Establishment of a funding framework for metro rail activities.	Streamlined ownership and operating arrangements will improve efficiency and risk management of the significant public investment in urban passenger rail services. Improved services for communities.
<b>B</b>	Establish and maintain appropriate governance, institutional, legislative, monitoring and evaluation frameworks for KiwiRail.	Arrangements will ensure that KiwiRail operates effectively and efficiently as a State-owned enterprise, keeping rail affordable for the government.	Amendment of institutional arrangements in place during 2011. Establishment of Crown Ownership Monitoring Unit (COMU) regime to monitor and evaluate the government's investment in rail.	Increased efficiency and improved commercial performance of the rail network. Improved performance from government's investment in rail.
<b>D</b>	Develop rail safety initiatives to improve the safety of the rail system.	Measures to improve rail safety will reduce deaths and injuries as a result of rail accidents. The planned growth in rail for both freight and commuter services manages the safety risk.	Development and implementation of rail safety action plan.	Reduced number of deaths and serious injuries as a result of rail accidents.

<sup>#</sup> A-D show the relationship between the operating intentions outlined in this section and the government's long-term outcomes for transport.

<sup>\*</sup> If not stated otherwise, the output/impact refers to the timeframe of this Statement of Intent 2010-2013.

GOVERNMENT'S LONG-TERM OUTCOMES#	THE MINISTRY'S PLANNED PROGRAMMES OF ACTION	RATIONALE	OUTPUT *	IMPACT *
 <b>AVIATION</b>				
A	Maintain and improve international air traffic rights.	Increasing international air traffic rights will improve competition and support passenger travel and freight movement, by improving access and choice and keeping air transport affordable.	Review of international air transport policies to identify economic implications and opportunities.	Increased number of air traffic rights available to New Zealand to support international passengers and freight links.
A	Improve the economic efficiency of international air services linkages and air line operators.	Supporting the passage of legislation to enable New Zealand accession to the Convention on International Interests in Mobile Equipment, and its Protocol on Aircraft Equipment, will reduce costs for New Zealand's international airline operators. This increases efficiency and affordability for users.	Civil Aviation (Cape Town Convention and other matters) Amendment Bill to be passed during 2010.	Increased competitiveness of international airline operators.
A	Manage and monitor the Crown funding and interests in charging and capital expenditure initiatives at joint venture airports.	Ministry involvement in joint venture airports supports regional economic activity. This programme ensures that the Crown's financial interests are protected.	Maintenance of effective management and monitoring mechanisms.	Increased value for money from Crown funding and capital expenditure for joint venture airports.
AD	Implement measures to comply with international aviation safety, security and environmental standards.	Compliance with international standards enhances safe and secure air travel and freight movements and contributes to environmental outcomes. It also maintains New Zealand's reputation internationally, which has significant economic value.	Improvement of legislative and regulatory framework to enhance the safety and security of New Zealand's aviation system and comply with international standards. Satisfactory results from International Civil Aviation Organization (ICAO) audits.	Increased safety and security and decreased environmental impacts in the aviation sector. Sustained access and ability to participate in the international aviation system.
A	Ensure aviation policy and regulatory frameworks are flexible and responsive to change.	Reviewing aviation regulation will ensure appropriate levels of compliance costs, without jeopardising safety, security and environmental standards.	Reviews of specific aviation rules and regulations according to agreed programme.	Responsive and flexible policy and regulatory frameworks are effectively maintained.

 <b>MARITIME</b>				
AD	Implement measures to comply with international maritime safety, security and environmental standards.	Compliance with international standards enhances safe and secure freight and passenger movements and contributes to environmental outcomes. It also maintains New Zealand's reputation internationally, which has significant economic value.	Amendment of Maritime Transport Act and other maritime regulations in line with international requirements.	Increased safety and security and decreased environmental impacts in the maritime sector. Sustained ability to participate in the international maritime system.
A	Ensure maritime policy and regulatory frameworks are flexible and responsive to change.	Reviewing maritime regulation will ensure appropriate levels of compliance costs without jeopardising safety, security and environmental standards.	Reviews of specific maritime rules and regulations according to agreed programme.	Responsive and flexible policy and regulatory frameworks are effectively maintained.

# A-D show the relationship between the operating intentions outlined in this section and the government's long-term outcomes for transport.

\* If not stated otherwise, the output/impact refers to the timeframe of this Statement of Intent 2010-2013.

# Building a strong, capable Ministry

## WHAT WE WISH TO ACHIEVE

The Ministry has been challenged over a number of years to be more effective. We are stepping up to that challenge and responding to the need to drive greater value for money in a fiscally constrained environment. We have begun a process to ensure that the Ministry is a strong, capable organisation delivering value for money.

## COST-EFFECTIVE GOVERNMENT POLICY

We are focusing our efforts on the government's long-term outcomes for transport and our Ministers' priorities for transport. The policy programmes outlined in the operating intentions will contribute to the Ministers' priorities as well as the government's long-term transport outcomes. This includes periodic reviews of policy settings (for example, the Land Transport Management Act, the Public Transport Management Act, and the Civil Aviation and Maritime Transport Acts) to ensure that legislative and regulatory frameworks provide value for money.

The Ministry will measure its progress towards the government's long-term outcomes against the Transport Monitoring Indicator Framework. However, improvements in outcomes can take many years to eventuate. Other organisations, including the transport Crown entities, also contribute to these outcomes. These contributions make it difficult for the Ministry to establish how cost-effective an intervention is each year.

## COST-EFFECTIVE MINISTRY OPERATIONS

The following section sets out the Ministry's performance improvement actions to deliver value for money by operating as a professional services ministry.

### A PROFESSIONAL SERVICES MINISTRY

The Ministry's role is as a trusted, impartial, expert adviser to the government: shaping transport for New Zealand. We aim to fulfil this by being an effective, professional services ministry.

In 2009 we reorganised ourselves as a professional services ministry to ensure that we have the flexibility and capability to address the priorities of the day, while also investing in sector knowledge and expertise to shape advice for tomorrow. The reorganisation was the start of a two-year process.

### What do we mean by a professional services ministry?

Professional services firms use their knowledge and expertise to advise their clients on particular issues to achieve certain outcomes. These firms are successful when they achieve strong, lasting relationships and use their resources to meet the needs of their clients. This is similar to our role as a trusted, impartial, expert adviser.

As a professional services ministry we:

- are focused on delivering on the government's priority transport initiatives
- operate as a single, flexible organisation that can adapt quickly to meet the demands of the day
- recognise that sector knowledge and policy expertise are critical to our success
- manage our available capacity (people and time) effectively, especially through sound project management
- are committed to building a strong reputation for the quality of all our work
- value the contribution of all our staff and are committed to their professional development to support their growth and contribution to the Ministry and the broader public sector, and by providing opportunities for staff to challenge and extend themselves by working in new areas across the Ministry
- expect all staff to act in the best interests of the Ministry as a whole and work cooperatively to deliver the programme of work agreed to with the Minister.

# Development goals for the next 18 months

## PERFORMANCE IMPROVEMENT ACTIONS

We have identified five development goals as focus areas for the next 18 months to help us improve our performance. We recognise we need to work with and learn from others to develop the best ideas and solutions for transport in the New Zealand economy.

### DEVELOPMENT GOAL 1: BE CLEAR, CONSISTENT AND STRATEGIC IN OUR POLICY ADVICE

We will strengthen our capability to give expert policy advice by identifying key issues, using good policy practice to develop a view on these issues, and clearly communicating this view.

We have developed internal processes to take a more strategic approach to the longer-term issues that impact on transport. We will embed these over the next 12 to 18 months.

We apply high standards and project management methodology to our policy advice. This will help us evaluate our advice (while recognising that a one-size-fits-all approach cannot be applied). We will continue to focus on improving the quality of our policy advice and the evidence base that underpins it.

In addition to our high-quality standards, we undertake an external audit of the quality of our written policy advice. This audit is conducted by the New Zealand Institute of Economic Research (NZIER) and provides a performance indicator for the quality of our advice against that of other government agencies. This enables the Ministry to identify key areas for improvement and measure progress over time. Other mechanisms, including ministerial surveys, are also used to provide information on the quality of the Ministry's performance.

### DEVELOPMENT GOAL 2: BE MORE FLEXIBLE AT MANAGING OURSELVES TO FOCUS ON WHAT MATTERS MOST

We will work to achieve a culture of good programme and project management at the Ministry. This includes developing sound governance arrangements, identifying benefits and how we will measure these, and ensuring that we have the information needed to make sound priority and resource decisions.

We will become better at identifying our priorities, allocating resources and ensuring that we are timely, effective and efficient in our work. We will also make better use of the knowledge, skills and experience of staff. This means being clear about the information and knowledge we hold, using it effectively and making good use of the information management tools that we now have.

### DEVELOPMENT GOAL 3: WORK IN PARTNERSHIP WITH OUR STAKEHOLDERS

We cannot do our job successfully without effective engagement with a range of key stakeholders.

Transport providers and users are extensive. The delivery chain for desirable outcomes (collective or private) is a long and tenuous one involving government, local authorities, operators, manufacturers, network providers, supply chain managers, individual businesses and individuals.

We will work to maintain a close and effective relationship with our transport partners in government and the transport sector generally.

### DEVELOPMENT GOAL 4: DEVELOP AND CHALLENGE OUR PEOPLE

The capability of our staff lies at the heart of the professional services ministry. We have a strong focus over the next 18 months to develop and challenge our staff.

We have recently implemented the Lominger competency methodology across the Ministry. Identifying and aligning core competencies for adviser and policy support roles throughout the organisation has enabled us to focus on developing the skills required to achieve our capability and output goals.

From 1 July 2010, our professional development programme will be revised to develop the core competencies essential to best achieve our role as trusted adviser to our Ministers. This programme has been extended to provide career progression paths for policy staff, both within the Ministry and across the transport sector where appropriate. In addition, a leadership component for staff with identified high potential has also been included.

The development programme now includes focused training and learning options that allow staff to learn on the job. It will balance clear development and career paths with the need for more broader and flexible policy expertise across a range of diverse work.

A programme of work is in place to make best use of our expertise in a range of programmes, projects and activities. It is designed to create opportunities for all our staff to work in different areas and to take on more challenging work. This programme reinforces the Ministry's more flexible approach to staffing and encourages staff to put themselves forward for projects that are both stimulating and developmental.

We have participated in a second Gallup Q12 Staff Engagement Survey. The results of this survey will again form the base for team-level efforts aimed at significantly improving staff engagement and productivity.

## **DEVELOPMENT GOAL 5: HAVE BUSINESS SYSTEMS THAT SUPPORT US**

Having the right systems, tools and information is a priority for any effective organisation. We will review all of our business services to ensure they are 'fit for purpose' to support our new mode of working as a professional services ministry. Two key areas are strengthening our information services and financial and economic support for advisory services.

As part of our reorganisation we have established a new role of Chief Information Officer, whose goal is to improve our ability to provide expert advice to our Ministers. We will ensure that our information systems contain high-quality information, are easy to use and fit for purpose, and are effective and efficient work processes. In addition to this, a new role of General Manager Financial and Economic Performance has been established, along with a financial and economic analysis team, to provide high-quality economic and financial advice to policy projects.

The Ministry is now in the final stages of implementing its electronic document and records management system. Effective use of this is critical to achieving our goal of being a professional services ministry. It will also enable us to meet our compliance obligations for Public Record Standards.

Business systems are not just about technology. They also include the workflows and processes that we need in place to produce good work in a well-managed and timely manner.

We also established a programme management office to support better programme and project management. Last year we established processes for better managing the prioritisation and allocation of staff time. We will continue to improve these arrangements over the next 18 months.

## **KEY PERFORMANCE INDICATORS**

We are currently working on a set of performance indicators to evaluate our organisational performance. This will include measures of the quality of our policy advice and other quantitative and qualitative indicators that measure progress in our move towards professional service operations.

We plan to apply the Performance Improvement Framework to assess whether we have achieved our development goals. We will do this in the second half of 2011.

# Equal employment opportunities

The Ministry is an equal opportunities employer. We have a response plan in place, based on the outcome of a Pay and Employment Equity Review conducted in partnership with the Public Service Association in 2007.

We have recommitted to the key principles reflected in the plan and will continue to conduct our affairs in a manner that is consistent with these principles and sound employment equity practices.

# Managing risk

The Ministry recognises that there is a range of risks that may impact on our business and the broader transport sector. The Ministry's risk management frameworks allow us to identify and manage risks on an ongoing basis. The oversight of risks is the responsibility of the Ministry Leadership Team, which receives monthly reports on any work programme risks.

We regularly review our progress on the work programme through the weekly meeting of the Ministry Leadership Team, the Transport Managers' Group and the Minister of Transport. To meet the priorities of the government we have also reorganised the way we work to allow for a more flexible workforce. This means we can shift resources to the areas of priority relatively easily.

Risks are also mitigated through an annual programme to address risk and performance issues, six-monthly risk workshops and regular scanning of the external operating environment (ie oil and carbon prices, revenue collection and economic indicators).

This year the Ministry established a new Performance and Risk Advisory Group to provide advice primarily on our organisational development and performance. The Advisory Group is made up of external members who are able to bring a fresh view to our organisational development and any risks associated with that and our performance.

We have an internal legal team who provide advice on the identification and management of legal risks. This is supported by the ComplyWith software-based compliance monitoring, which helps the Ministry to meet its legislative obligations. The system requires the responsible staff member to confirm that we do comply with all legislative responsibilities.

The Ministry has also built solid relationships with the transport Crown entities, with particular emphasis on our biggest entity, the NZ Transport Agency. Regular meetings to facilitate effective governance and accountability allow us to ensure that they too are focused on the government's priorities.

The Ministry has in place emergency management plans and a business continuity plan which can be activated in the event of a building, local, regional or national emergency. We take part yearly in emergency exercises as part of our coordination role of providing strategic advice to the sector during an emergency. The Ministry plays a lead role in the maintenance of the Transport National Emergency Response Plan. This plan provides a framework for transport agencies to participate in a whole-of-government response to an emergency.

The Ministry also facilitates a common understanding of transport security risks across the transport agencies to ensure effective coordination and mitigation of those risks.

We will be doing further work on refining our Disaster Recovery preparedness. Updating contingency plans will ensure that we are in a position to continue to deliver a service, even when subjected to emergency pressures brought on by natural, infrastructure or medical events. This may require expenditure on strengthening our back-up equipment.

# Managing our assets

Each year the Ministry prepares a capital programme to ensure that we have the infrastructure required to fulfil our functions. The budget set aside for the capital programme for the next three years is set out below.

## PROPOSED CAPITAL PROGRAMME

	2010/11 \$000	2011/12 \$000	2012/13 \$000
Property, plant and equipment	600	375	375
Intangible assets – software	150	150	150
Total	750	525	525

The Ministry operates from three offices, with the main site and most of the staff located in Wellington. All of our premises are leased, so the majority of the assets are leasehold improvements, fixtures and fittings, and computer equipment. We also own the infrastructure at Milford Sound/Piopiotaahi Aerodrome. The forecast value of the Ministry's asset base as at 30 June 2010 is \$3.9 million.

The Ministry has no plans to incur significant leasehold improvement expenditure in the next four years. All of our offices are well equipped and the environment is modern. Ongoing minor equipment replacement and purchases will continue to ensure that we meet business and health and safety needs.

We will also ensure that our computers and equipment continue to be fit for purpose and are replaced according to our policies. This includes the equipment required for the operation of the network, desktop capability and mobile equipment.

We have replaced a number of our operating systems over the past three years, resulting in a more secure, robust computing environment. Over the next three years we intend to upgrade technology and systems and make improvements to major applications.

# Glossary of terms

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<b>ACTIVITIES</b>	Individual tasks usually with a short time frame.
<b>CAPABILITY</b>	Resources, competencies and processes that an organisation needs to efficiently deliver the goods and services required to achieve the results sought.
<b>IMPACT</b>	A desired long-term effect of the Ministry of Transport's work programme on the transport sector.
<b>INDICATOR</b>	A measure that is used to track changes in the outcome.
<b>INTERVENTION</b>	Interventions include legislation, policies, transfers, programmes and service delivery arrangements.
<b>OUTCOME</b>	A desired goal of the government.
<b>OUTPUT</b>	A key deliverable of the Ministry of Transport's work programme.
<b>NATIONAL LAND TRANSPORT FUND (NLTF)</b>	The primary source of funding for State highway improvement and management projects, allocated by the NZ Transport Agency.
<b>RATIONALE</b>	The logic, or the 'why', behind the Ministry of Transport's planned programmes of action.
<b>ROADS OF NATIONAL SIGNIFICANCE (RoNS)</b>	In 2009, the government announced a major investment in seven of New Zealand's most important routes. Called, the Roads of National Significance (RoNS), these routes are critical to ensuring that users have access to significant markets and areas of employment and economic growth.
<b>RISK MANAGEMENT</b>	The culture, processes and structures that are directed towards the continuous management of both opportunities and adverse effects impacting on our business.

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