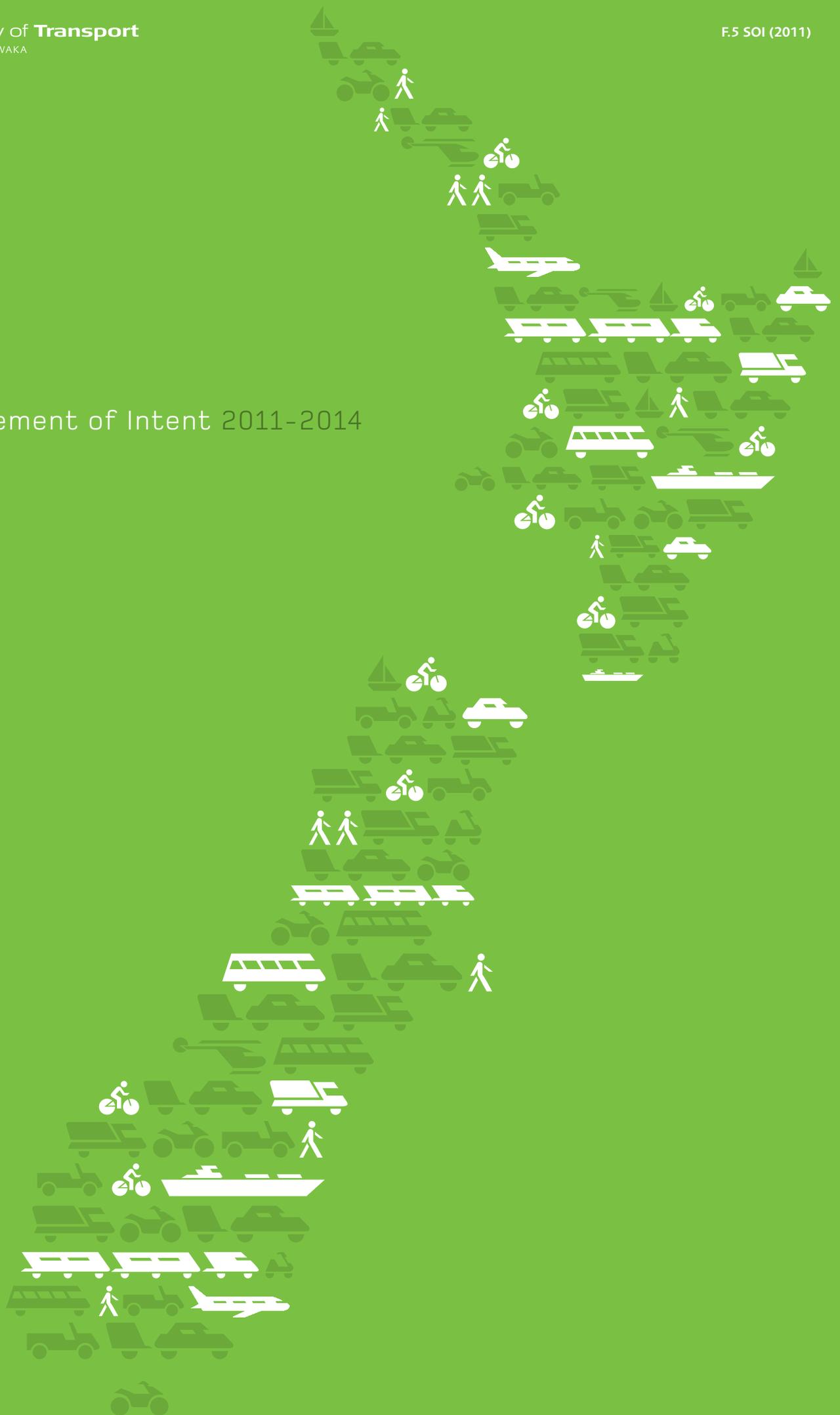


# Statement of Intent 2011-2014



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# Foreword: Minister of Transport

Since the devastating second Christchurch earthquake in February this year, the government has been committing resources to do what is needed to support and rebuild Christchurch. Getting the city back on its feet is one of the most important issues for the government, and for transport, this year and into the future. The exact nature and size of the earthquake's impact on transport infrastructure, and the reprioritisation of transport funding that will be needed for Christchurch will become clearer over time.

The Christchurch earthquake has served to reinforce the importance of the government's overall goal to grow the New Zealand economy, and of the need for a resilient and flexible transport system. A new Government Policy Statement (GPS) on Land Transport Funding is due for release this year and sets the agenda for government transport expenditure for the next ten years. The GPS is one of the main tools for ensuring that transport investment is targeted in the right areas to deliver economic growth and productivity.

Existing programmes such as the Roads of National Significance (RoNS) will continue to be strong investment priorities. The government has also committed funding for the nation's rail freight business through its share of the \$4.6 billion KiwiRail Turnaround Plan, and this is another important part of the longer-term approach. But like the other freight transport modes, KiwiRail needs to get to a point where it can pay its own way.

The government is also focused on value for money and lifting the performance of the public sector. This means lifting the performance of the transport system as a whole, through improvements in the operation of the roading network, State highway construction and maintenance, implementing a new public transport operating model, and by simplifying the regulatory framework and reducing unnecessary compliance costs. It is also about ensuring that the transport Crown

entities provide value for money through their operations (this applies equally to operations that are funded directly by the government or through third party fees and charges), and that they are striving to deliver better and smarter services.

The third priority for transport is to help reduce New Zealand's road toll. The road toll has a huge social and economic impact on the country. People lose family, friends, and members of their communities. The cost is estimated at \$3.8 billion a year. Such high levels of death and injury do not have to be an inevitable part of our road system in the future, but we need to continue to work hard in this area to make a lasting difference. Implementing the Safer Journeys action plan is the key initiative this year to get us on track to making our roads safer for all New Zealanders.

The Ministry of Transport, as the government's principal adviser on transport matters, plays a crucial role in helping the government create and implement transport policy necessary to deliver on these priorities. Considerable progress has been made in lifting transport's contribution to economic growth and productivity, but given the Christchurch earthquake-related tasks ahead, making the right policy decisions around transport infrastructure will be more important than ever.

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

Achieving a successful transport system in New Zealand is crucial to supporting the government's goal of growing the economy and improving productivity, and the Ministry is dedicated to achieving that aim.

The priority programmes of work for the Ministry of Transport include:

- simplifying and streamlining transport's legislative and regulatory framework to reduce compliance costs and increase effectiveness
- establishing a new operational model for metro rail in order to contribute to reliable and cost-effective passenger rail services in Auckland and Wellington, as well as increased public access to the wider transport system
- assisting the transport Crown entities to deliver on the Transport Minister's priorities to reduce costs, improve investment decisions and provide better government services for the transport sector
- engaging Auckland Council and Auckland Transport on government policy and funding issues to address Auckland transport and wider spatial issues

- developing policies on the planning, management and funding of land transport through the Government Policy Statement on Land Transport Funding to allow road investment to be targeted more effectively and ensure more efficient use of resources
- contributing to the government's focus on recovery of Christchurch following the devastating earthquakes

These priority areas reflect the priorities of the government, and in particular, the Minister of Transport. We will continue to anticipate and identify emerging transport issues that may require future responses from government.

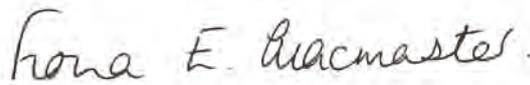
Alongside being responsive and bringing a sense of pace and urgency to our work, we also need to be able to demonstrate the value for money that we provide to the Minister and the government. To this end, we have an active programme of change and organisational development to make the Ministry a more flexible, productive and effective organisation. The Ministry of Transport is committed to providing the best possible advice we can to support the government in delivering its programme to the nation.

## CHIEF EXECUTIVE STATEMENT OF RESPONSIBILITY

In signing this statement, I acknowledge that I am responsible for the information contained in the 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 (2009/10 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**  
Manager Finance, Ministry of Transport

# 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. We assist the Minister to shape government policy that will achieve the desired outcomes for our nation. We help the government implement its policy through supporting the development of legislation, regulations and rules; the management and accountability for funds invested in transport; and representing our interests internationally, particularly in aviation and maritime.

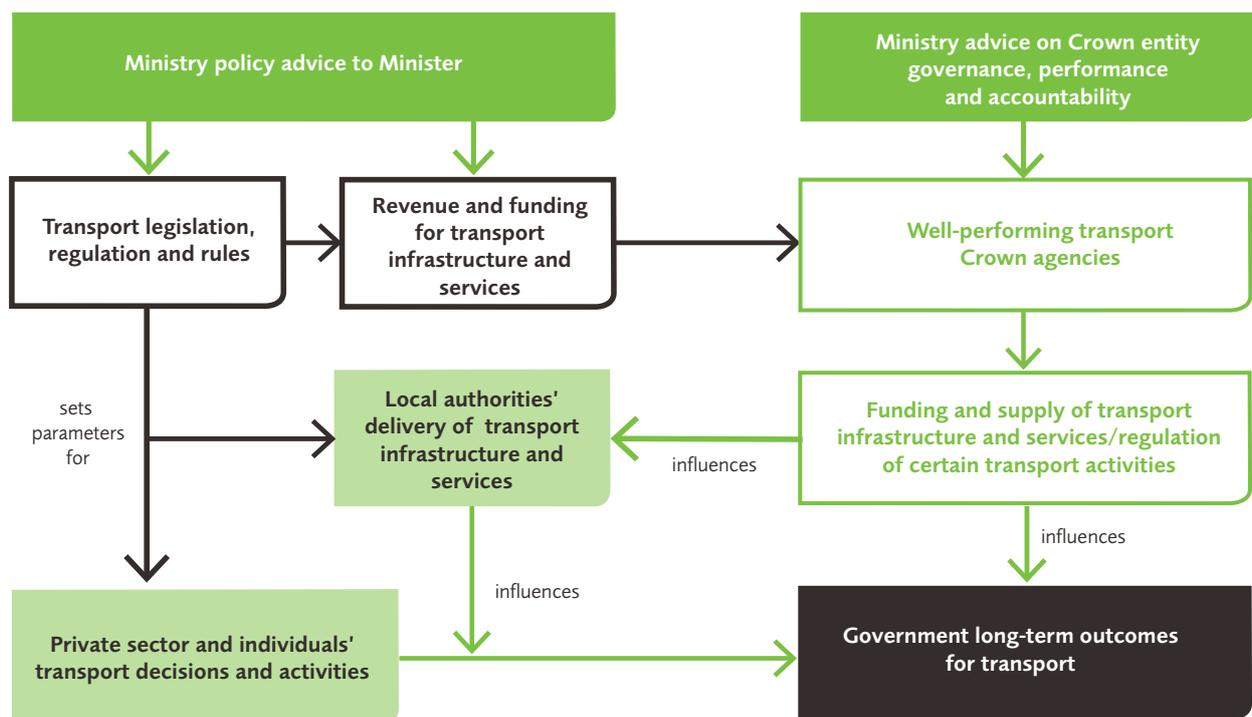
The Ministry also assists the Minister of Transport in the government's relationship with the transport Crown entities. The Ministry is also responsible for some operational functions including:

- contracting the collection of licensing fees, road user charges and fuel excise duty
- licensing all international airlines operating to and from New Zealand

- managing the Milford Sound/Piopiotahi Aerodrome
- overseeing the Crown's interest in joint venture airports<sup>1</sup>
- administering a contract with the Meteorological Service of New Zealand Limited (MetService) for the provision of a public weather warning and forecast service

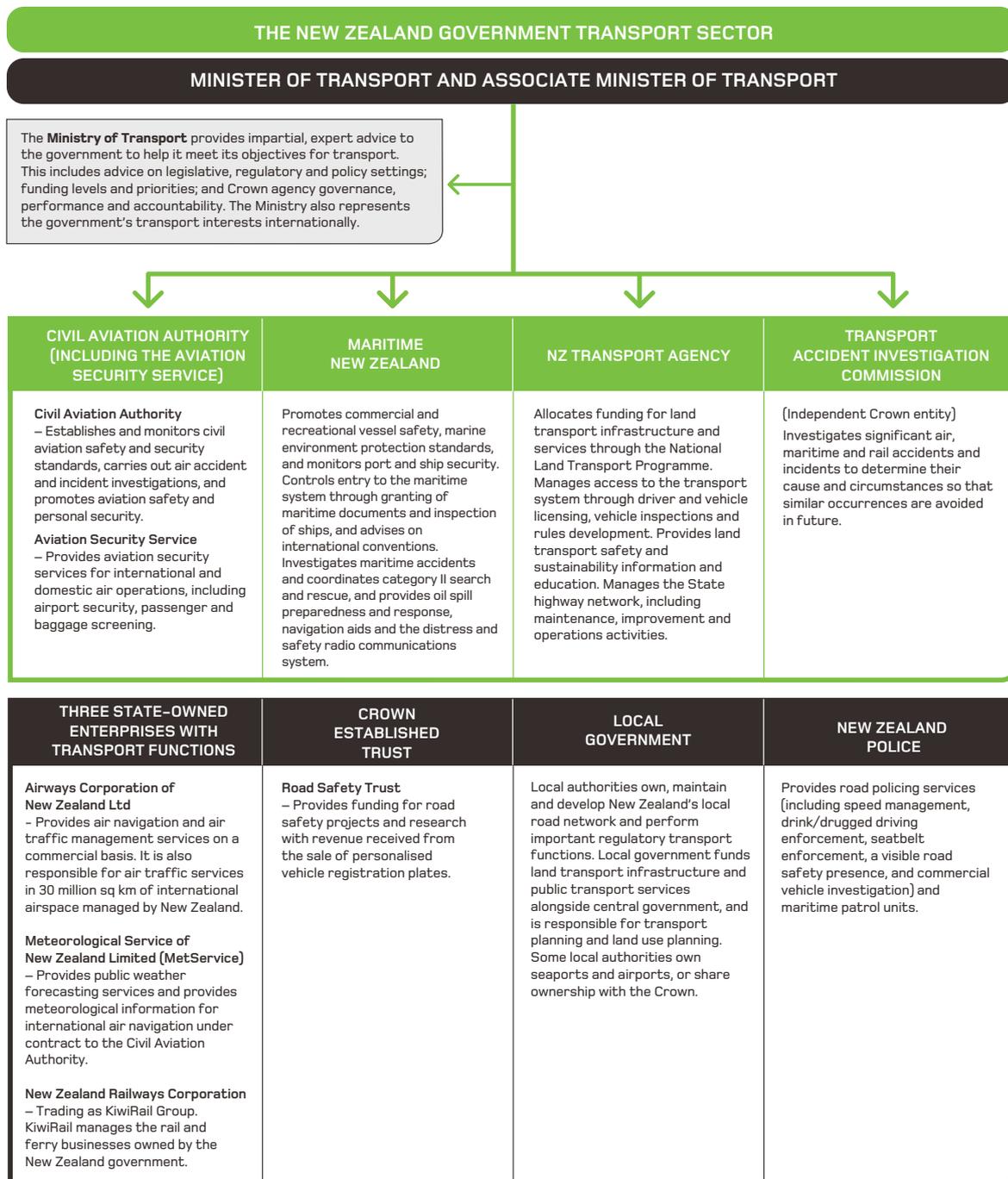
The diagram below shows (at a high level) how the Ministry's two key outputs work to improve the efficiency and effectiveness of the transport system. The outputs also set the parameters for the transport decisions taken by the private sector and individuals, and through the outputs, contribute to the government's long-term transport outcomes.

<sup>1</sup> Joint venture airports (JVAs) are airports operated by local authorities in partnership with the government.

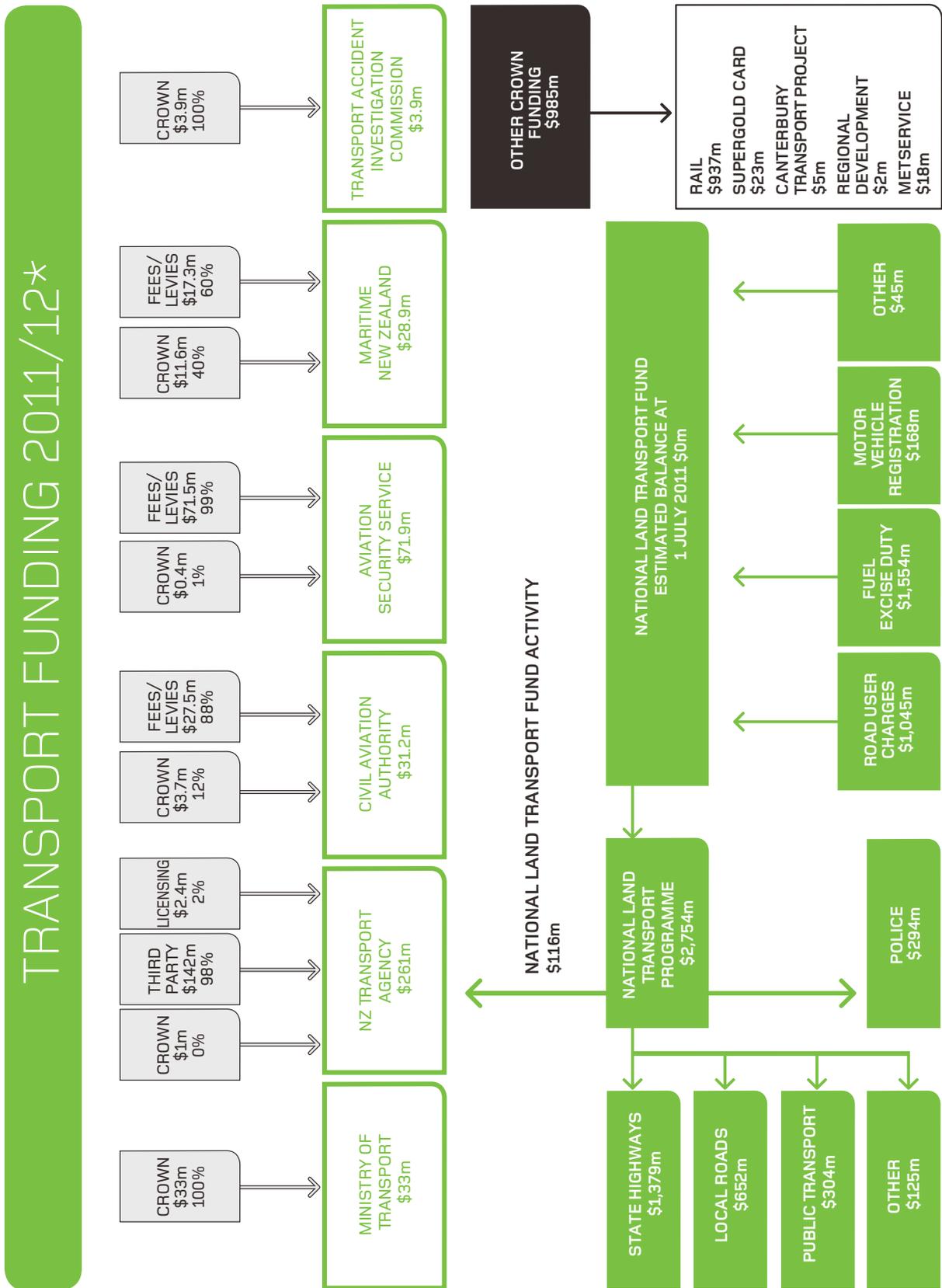


# What we are part of

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 2011/12 approximately \$3 billion of funding is projected to be administered by the government transport sector. The following table provides a summary of the revenue inflows by source, and expenditure outflows for each entity.



\* The Crown has appropriated a borrowing facility to NZTA of up to \$250 million for the programme. This is not reflected above.

# Strategic context

The government is committed to growing the economy to build a stronger, better New Zealand. Most New Zealanders want to live in a country where rates of employment are high and living standards are growing. This is not just about our levels of private consumption — it is about being able to afford first world standards of social infrastructure and services. Building a growing economy is central to all of this. As a trading nation that is far from most of its markets, we need to be aware of the international community with which we trade and build transport linkages that facilitate our involvement with the international community.

Transport has an obvious and important role in growing the New Zealand economy and the government's overall goal for transport is:

"An effective, efficient, safe, secure, accessible and resilient transport system that supports the growth of our country's economy in order to deliver greater prosperity, security and opportunities for all New Zealanders."

Transport is not an end in itself but plays an important facilitating role in economic activity and social connectivity. New Zealand's transport infrastructure is generally well-developed and mostly able to meet current demands. However, as in most countries, there are specific areas where economic and population growth are putting severe pressure on aspects of our transport infrastructure.

The role of transport provision in central, regional, and local government and the private sector varies across transport modes, localities and through time. The government sets the regulatory framework for the transport system (including participating in international transport fora), is the owner of key transport infrastructure (including State highways, KiwiRail and the majority shareholding in Air New Zealand) and is a funder of transport infrastructure and services (including subsidising transport infrastructure and services provided by local government). The government is focused on ensuring it fulfils its various roles in the transport system as efficiently as possible. This is so that informed decisions about the transport choices can be made and productivity can be lifted, therefore contributing to the overall success of growing the New Zealand economy.

The choices we make over the coming years, as we improve and refine the transport system, will need to occur within the backdrop of:

- a significant growth in the level of freight movements (it is predicted that New Zealand's freight movements will double over the next 20 years)
- New Zealand's distance from its major export and tourism partners, and its limited influence on the international maritime and air transport sectors
- major demographic changes (an ageing population, smaller workforce, growth in Auckland's population)
- ongoing financial constraint (as a result of the global financial crisis, and New Zealand's debt levels)
- volatility in fuel prices and associated changes in demand for public transport services
- substitution of alternative fuels, with potential impacts on tax revenues to fund transport infrastructure and services

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

The government's four long-term outcomes for transport are:

**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*

A major priority is easing prominent traffic bottlenecks within and around New Zealand's five largest metropolitan areas, and linking major sea and air ports more effectively into the State highway system.

Headline indicators of progress towards this outcome will be:

- increasing productivity in the transport and storage sectors, measured in labour, capital and multi-factor terms
- decreasing network congestion in the five largest metropolitan areas

**B** *A sustainable funding basis for transport infrastructure investments and use*

Efficient funding is vital to the effectiveness of New Zealand's transport system, and needs to align with the realities of how people travel and how goods are transported.

The headline indicator of progress towards this outcome will be:

- growth in revenue (in real terms) remaining stable in relation to growth in traffic volume

**C** *A high-quality transport system for Auckland, the nation's largest economic hub*

Auckland is the 'gateway' to New Zealand for most visitors and for a significant proportion of international freight. It is vital for New Zealand's economic growth potential that Auckland's road congestion is managed effectively and wise decisions are made about transport infrastructure and services.

The headline indicator of progress towards this outcome will be:

- stable or decreasing congestion in Auckland, measured by delay in minutes per kilometre travelled

**D** *An accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare*

People have greater mobility than in the past, through travelling further on New Zealand's roads, using public transport in higher volumes (a 30 percent increase during the last decade), and flying more. Accessible and safe transport systems are fundamental to improving the quality of life for New Zealanders.

Headline indicators of progress towards this outcome will be:

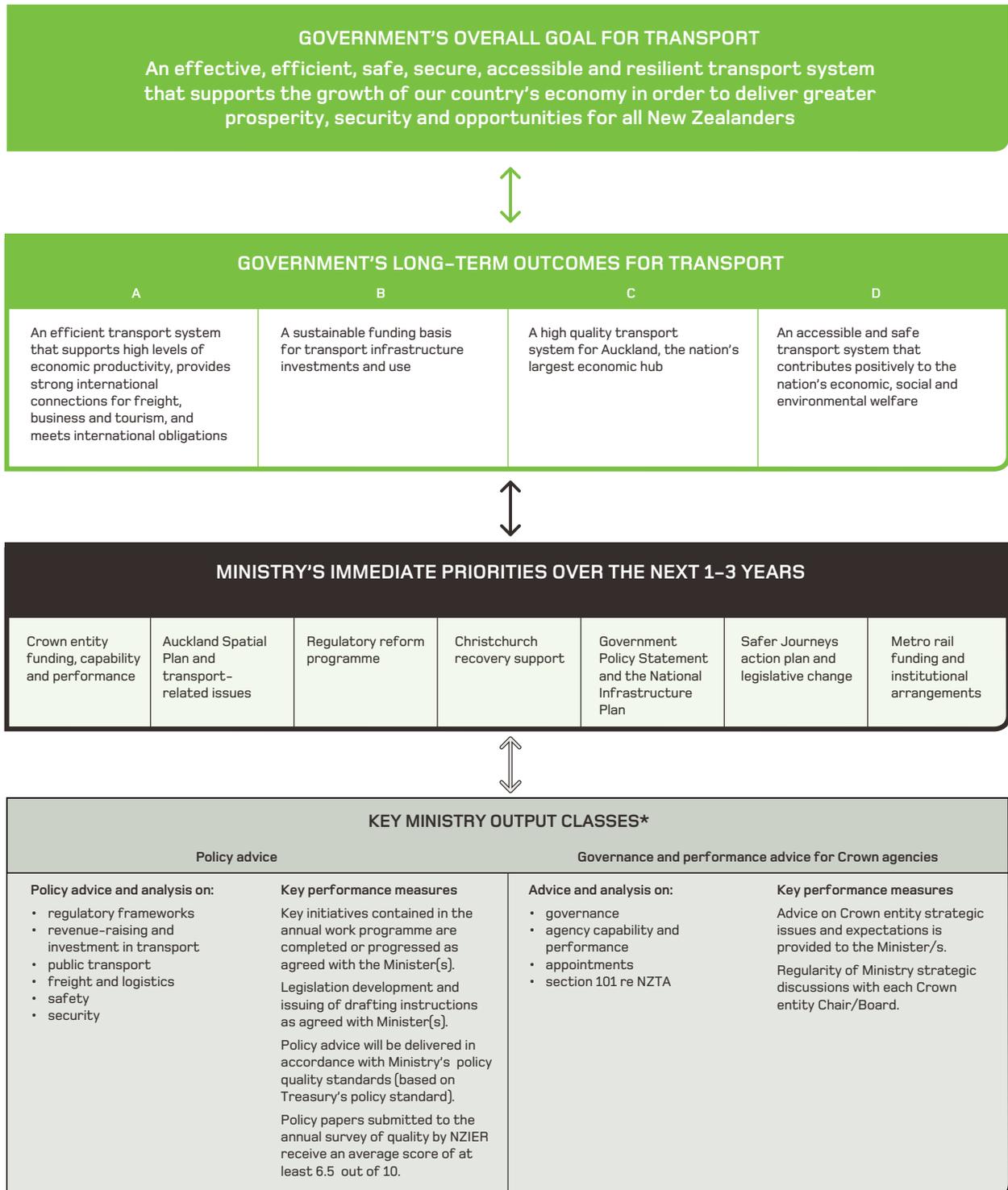
- reducing the number of deaths on roads per 100 million vehicle kilometres travelled
- decreasing amounts of CO<sub>2</sub> emitted from domestic transport per kilometre travelled

Headline measures of accessibility and social contribution are still being developed.

## STRATEGIC FRAMEWORK

The diagram below shows how the Ministry's work contributes to the government's overall goals. The Ministry has seven key programmes that form its immediate priorities, and impact directly on the government's four long-term outcomes for transport. The Ministry delivers on its key programmes and other work through its five output classes which are established in the Estimates and are shown in the diagram.

The main output classes are policy advice, and governance and performance advice and support. The Ministry has established performance measures for output classes and key programmes, and will be developing measures for the long-term outcomes in the 2011/12 year. These long-term outcomes will be based on the Ministry's Transport Monitoring Indicator Framework.



# Operating intentions



## MULTIMODAL

Transport underpins economic activity. Freight transport demand is expected to grow by 75 percent over the next 20 years<sup>2</sup>. Overall transport demand is forecast to grow by 34 percent over the same period<sup>3</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 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>4</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>5</sup>. Increasing road transport's contribution to economic activity through investment, particularly in Roads of National Significance, remains vital to the government's goals of growing the economy and increasing the safety of the road system. Vital to maximising road transport's contribution to increasing productivity will be improving national and urban networks, an efficient fleet, enhanced logistics, improved linkages between roads and other modes, and efficient public transport operations.

2 National Freight Demands Study, 2008.

3 National Freight Demands Study, 2008.

4 Statistics New Zealand, 2010.

5 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>6</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. While Air New Zealand and other international airlines deliver approximately 2.5 million visitors annually, the aviation sector also involves large and small businesses in New Zealand. These businesses are engaged in agricultural aviation, air freight, airports, air traffic services, consulting, domestic air services, flight training, maintenance, manufacturing, and scenic flying. Air transport is 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.

Our domestic and international airports and the Airways Corporation's air traffic services are important components of New Zealand's infrastructure. 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

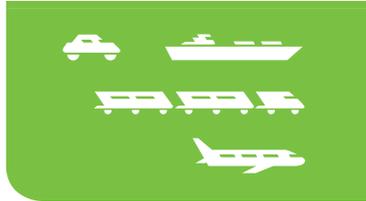
International shipping carries the vast majority of New Zealand's import and export goods, and the cruise industry plays an increasing role in our tourism market. New Zealand is economically dependent on high-quality, timely, safe and cost-effective international shipping services. Efficient maritime 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.

<sup>6</sup> National Freight Demands Study, 2008.



**GOVERNMENT'S  
LONG-TERM  
OUTCOMES#**

**THE MINISTRY'S PLANNED  
PROGRAMMES OF ACTION**



<b>ABD</b>	Facilitate effective governance, performance and capability of transport Crown agencies.
<b>AC</b>	Engage Auckland Council and Auckland Transport on government policy and funding issues, to address Auckland transport and wider spatial issues.
<b>AD</b>	Review use of regulatory interventions and their implementation.
<b>ABD</b>	Develop transport policy and contribute to the all-of-government response to the Christchurch earthquake.
<b>AB</b>	Identify options to enhance the contribution of the freight sector to economic growth and productivity.
<b>ABC</b>	Work with the NZ Transport Agency and local governments to deliver better value for money from the National Land Transport Fund.



<b>ABD</b>	Identify optimal settings for land transport funding to deliver the government's desired outcomes.
<b>AD</b>	Develop and implement land transport safety initiatives.
<b>ABCD</b>	Review regulation and legislation to improve land transport outcomes while reducing compliance costs where possible for transport users.*

\* This includes rail regulation.

\*\* The Ministry's planned programmes of action, including key deliverables, are key initiatives contained in the Ministry's annual work programme, referred to in the Information Supporting the Estimates.

Note: Planned programmes of action identified in green are immediate priorities as per the Strategic Framework diagram, page 7.

## KEY DELIVERABLES\*\*

## RATIONALE AND INTENDED IMPACT

<p>Board appointments made as required.</p> <p>Funding and value-for-money initiatives for Maritime New Zealand, Civil Aviation Authority and NZ Transport Agency implemented.</p>	<p>By making Board appointments and working with transport Crown agencies to deliver on the Minister's priorities, we will contribute to value for money from improved decisions, better government services and reduced costs for the transport sector.</p>
<p>Transport input to the Auckland Spatial Plan and engagement with Auckland Transport on funding and policy issues.</p>	<p>By engaging Auckland Council and Auckland Transport we will support integrated decision-making and long-term planning in line with government priorities and funding commitments for transport.</p>
<p>Implementation of a streamlined process that improves the efficiency of transport rule-making.</p>	<p>The transport sector is highly regulated and there are opportunities to improve processes for regulatory intervention. This will result in simpler and more streamlined regulation, so that transport outcomes are delivered with minimal delay and reduced compliance costs.</p>
<p>Transport input to and support for Christchurch's recovery.</p>	<p>By helping ensure that Christchurch's transport system is up and running as quickly as possible we will support Christchurch's recovery and its contribution to growing the economy.</p>
<p>Improved freight data collection and understanding of the New Zealand freight supply chain.</p> <p>Regular reporting on freight-related data.</p> <p>Identify freight-related issues for policy development.</p>	<p>By understanding the freight supply chain we can contribute to better informed policy advice and sector decision-making, increase the effectiveness of the freight supply chain and contribute to growing the economy.</p>
<p>Amendment of the Public Transport Management Act.</p>	<p>By revising funding and procurement policies in relation to public transport and walking and cycling, as well as regulations and legislation applying to public transport, we will deliver greater value for money.</p>
<p>Publication and support for implementation of the 2012-2015 <i>Government Policy Statement on Land Transport Funding</i>, and input to the National Infrastructure Plan.</p>	<p>By developing policies on the planning, management and funding of the network we will identify settings which allow road investment to be targeted effectively and, in the long term, ensure increased efficiency of national and urban road networks.</p>
<p>Implementation of Safer Journeys first action plan 2011-12.</p> <p>Implementation of legislative changes from the Land Transport (Road Safety and Other Matters) Amendment Bill, the Driver Licensing Rule, and the Road User Rule.</p>	<p>By providing policy advice on a range of safety-focused measures that will reduce deaths and injuries on the roads, we will reduce social costs and deliver a more efficient, effective and safer transport system.</p>
<p>Amendments to the Land Transport Management Act.</p> <p>A new Road User Charges Act.</p>	<p>By simplifying and streamlining the legislative and regulatory framework for land transport we will improve planning and decision-making processes, reduce compliance costs, increase effectiveness and meet government priorities.</p>

**GOVERNMENT'S  
LONG-TERM  
OUTCOMES<sup>#</sup>**

**THE MINISTRY'S PLANNED  
PROGRAMMES OF ACTION**



A C D	Develop and implement operating models for metro rail services in Auckland and Wellington, and monitor rail infrastructure upgrades in Auckland and Wellington.
B	Provide advice on the implementation of the KiwiRail Turnaround Plan and outcomes achieved in conjunction with the Treasury.



A	Ensure New Zealand's international aviation arrangements are fit for purpose for a changing international aviation environment.
A	Manage and monitor the Crown funding and interests in charging and capital expenditure initiatives at joint venture airports.
A D	Give effect to New Zealand's international obligations.
A	Review regulation and legislation to improve aviation-focused transport outcomes while reducing compliance costs where possible for transport users.



A D	Ensure New Zealand's international maritime arrangements are fit for purpose for a changing international maritime environment.
A	Review regulation and legislation to improve maritime-focused transport outcomes.

**#GOVERNMENT'S LONG-TERM 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.

## KEY DELIVERABLES\*\*

## RATIONALE AND INTENDED IMPACT

<p>Implementation of operating models and agreements between KiwiRail Group Network and Greater Wellington Regional Council; and KiwiRail Group Network and Auckland Transport.</p>	<p>By providing policy advice on the implementation of streamlined ownership and operating arrangements for metro rail we will contribute to reliable and financially sustainable passenger rail services in Auckland and Wellington.</p>
<p>Second opinion advice on KiwiRail Group performance and funding of the Turnaround Plan.</p>	<p>By assisting KiwiRail to develop a strong business case we will help ensure that KiwiRail has the required resources to become commercially viable and contribute to growing the economy.</p>
<p>New and enhanced air services arrangements with other key jurisdictions.</p>	<p>By increasing international air traffic rights and by improving access and choice, we will improve competition and support increased passenger and freight movements to and from New Zealand.</p>
<p>Ongoing management and review of Crown financial interests in joint venture airports.</p>	<p>By ensuring effective management of joint venture airports we will protect the Crown's financial interests and support regional economic activity.</p>
<p>Response to International Civil Aviation Organization security audit findings (the audit is in June 2011).</p>	<p>By complying with international standards we will enhance the safety and security of air travel and freight movements, and ensure sustained access to the international aviation system.</p>
<p>Application of new rule development processes for the aviation rules programme. An aviation regulatory programme that will meet government objectives for more effective and efficient regulation and will enhance economic performance, safety, or security.</p>	<p>By simplifying and streamlining the legislative and regulatory framework for air transport we will reduce compliance costs, increase effectiveness and meet government priorities.</p>
<p>Amendment of the Maritime Transport Act in line with international requirements. Updated maritime rules in line with international obligations. Maintenance of New Zealand's participation in existing international conventions and consider participation in new conventions.</p>	<p>By complying with international standards we will enhance the safety and security of maritime freight and passenger movements, which will assist in growing the economy and sustaining access to the international maritime system.</p>
<p>New rule development processes for the maritime rules programme. A maritime rules programme that will meet government objectives for more effective and efficient regulation and will enhance economic performance, safety, or marine environmental protection.</p>	<p>By simplifying and streamlining the legislative and regulatory framework for maritime transport we will reduce compliance costs, increase effectiveness and meet government priorities.</p>

# Headline outcome indicators

## IMMEDIATE IMPACTS

The Ministry undertakes post-project reviews for all major projects, such as those outlined in the operating intentions table on pages 8-13. Each review undertaken during the life of this Statement of Intent will address a range of issues around three core questions.

- **Immediate impact:** How well has the project met its terms of reference?
- **Quality of advice:** Do other key players think the Ministry has been a constructive leader and/or contributor, on both substance and process (quality of advice)?
- **Intermediate outcomes:** Should the intermediate outcomes of this project be measured over the medium term (3–10 years), and if so, by which agency, and by inclusion in the Transport Monitoring Indicator Framework, or by other means such as periodic reviews?

We will publish the summary results of reviews for the most substantial of these projects in the 2012 and subsequent Annual Reports.

## INTERMEDIATE AND LONG-TERM OUTCOMES

The Ministry is continuously developing a suite of indicators about the state of the transport sector, which draws on various sources, including the indicators developed by Crown transport agencies to monitor their own delivery. Core indicators are published every second year in the Transport Monitoring Indicator Framework (the next edition is due in late 2011). Other sets of indicators are also developed and monitored, for example with KiwiRail on the desired transport outcomes of the current Turnaround Plan.

These indicators will be used to measure and, where appropriate to report on, the intermediate outcomes of policy projects and other interventions, as described above. The Ministry has varying degrees of influence over these outcomes, as programme delivery is usually in the hands of other agencies, so attribution of responsibility for the outcomes is complex.

Selected headline indicators will also be published in future Annual Reports to:

- show progress towards the government's long-term outcomes, as described on page 7
- illustrate the overall state and directions of change in the transport sector, by describing broad trends in traffic and freight volumes, along with measures of congestion, capacity, and state of the transport infrastructure

# Cost effectiveness

The Ministry of Transport is very focused on achieving cost effectiveness, both within the Ministry and across the transport portfolio. While cost effectiveness analysis is challenging, in relation to policy advice, the Ministry is making increasing use of project planning methodologies to maximise the use of staff time and resources. In 2009 we reorganised the structure of the Ministry and its work practices to enable a more flexible approach to managing our work priorities. These efforts, and additional initiatives aimed at improving our efficiency, will contribute to the Ministry's ability to deliver value for money policy advice.

The cost effectiveness of the transport portfolio is reflected in the objectives and outcomes in each modal statement in the operating intentions section on pages 8-13 in respect of the New Zealand Transport Agency, Civil Aviation Authority, Maritime New Zealand, and for the Transport Accident Investigation Commission. In addition, policy development and review processes are signalled, for example reviews of the Land Transport Management Act and the Public Transport Management Act.

# Building a strong, capable Ministry

## WHAT WE WISH TO ACHIEVE

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

## COST EFFECTIVENESS OF 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 section will contribute to the Ministers' priorities as well as government's long-term transport outcomes. This includes periodic reviews of policy settings, for example the Land Transport Management Act, Civil Aviation and Maritime Transport Acts to ensure that legislative and regulatory frameworks provide value for money.

The Ministry will be measuring 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.

## A PROFESSIONAL SERVICES MINISTRY

In 2009 we reorganised ourselves as a professional services ministry to ensure 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 2 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 build a reputation for being expert and effective, achieve strong, lasting relationships, and use their resources flexibly to meet the needs of their clients. This is similar to our role as a trusted, impartial and 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 with the Minister

To this end, we have an organisational development programme – Shaping our Future – for which we have six goals.

### Goal 1: We are clear about our position

The Ministry is enhancing its level of strategic advice to the Minister through developing a greater understanding of the transport operating environment, and being very clear about the Ministry's role and the role of others in the transport sector.

### Goal 2: We are flexible at managing our resources

The Ministry has to be able to respond to the rapidly changing environment, and we are achieving this by ensuring we prioritise and allocate resources to what is most important. But more than that we are introducing internal charge out rates to understand the true cost of time and encourage the wise and efficient use of it.

### Goal 3: We have working partnerships with our stakeholders

The Ministry is a small organisation with a broad mandate, and as such cannot deliver on the government's transport programme on its own. Therefore it is vital that the Ministry continues to identify key stakeholders and build strong working relationships with them.

**Goal 4: We develop and challenge our people**

To be the government's expert adviser on transport the Ministry needs to develop a highly knowledgeable and professional workforce. To achieve this we are implementing a professional development programme while clarifying our expectations of staff.

**Goal 5: We have business systems that support us**

Smart people need smart systems if they are to maximise their productivity. The Ministry is continuing to enhance its business systems, functions and processes to increase productivity and enable our staff in the delivery of value for money products and services.

**Goal 6: Lifting our leadership and management performance**

Leadership is a key area of focus for the Ministry. Through its management development programme the Ministry will be more proactive in its leadership and management style and this will increase both performance and productivity.

The achievement of these development goals are critical to our success as an organisation. We are committed to working with a fixed budget which requires a reduction in staff numbers over time. In the last two years we have reduced staffing by 20 full time employees (11 percent). We can do this while maintaining performance by lifting our flexibility and productivity.

## Assessing organisational capability and health

The Ministry uses a range of internal measures to assess its capability and health, and to measure progress towards the goals identified above.

The headline measures on which we will provide historical and predicted information in our Annual Report 2012 are:

**CORE CAPACITY**

- The total number of person-years applied (including permanent and contract staff) in our three broad activity areas of policy advice, specialist support, and business support.
- A comparison of our actual profile with a desired profile of staff experience and attributes for the changing role of the Ministry.
- The results of any external reviews conducted on the quality or efficiency of our core operating and information systems.

**ORGANISATIONAL HEALTH**

- Trends in Gallup staff engagement survey results.
- Other measures of health, including turnover for example, will be reported on if trends demand it.

**PROGRESS TOWARDS OUR SIX SHAPING OUR FUTURE GOALS**

- There is an improving trend in NZIER audits (when undertaken) of the quality of our policy papers.
- A baseline is set, and there is an improving trend in feedback from the Minister, central agencies, and key Crown entities on the quality of our policy advice, the clarity of roles of each player, and our contribution to Crown entity performance.
- A project prioritisation and resource allocation system which meets our needs is in place and operating effectively.
- A greater proportion of our effort is going into higher priority work.
- Everyone in the Ministry has a professional development plan in place.
- There is improvement in answers to Gallup staff engagement survey questions relating to the individual goals of Shaping our Future.

# Managing in a changeable operating environment

The Ministry manages a broad range of risks that can affect our business, including organisational risks arising from our strategic direction and our operating environment. The Ministry's risk approach is implemented through business processes such as strategy and priority setting, policy advice, operational planning, monitoring and reporting, and project management.

Regular reviews of the Ministry's risk management framework ensure that risks are identified and managed on an ongoing basis. Organisational risks identified through this process are incorporated into the Ministry's development goals under the Shaping our Future programme.

The oversight of risks is the responsibility of the Ministry Leadership Team, which receives monthly reports on any work programme risks. Progress on the work programme is regularly reviewed through the weekly meeting of the Ministry Leadership Team, the Transport Managers' Group and the Minister of Transport. Advice on risk management is also provided by the Ministry's Performance and Risk Advisory Group.

Our major risk is associated with a failure to deliver on our core role, and to not be responsive to changing demands and the constrained fiscal environment. The previous section describing Shaping our Future is our primary mitigation strategy — to build a flexible, high-performing organisation.

The Ministry has in place emergency management plans and a business continuity plan which can be activated if there is a building, local, regional or national emergency. In the event of a national emergency we play a coordination role with transport agencies, providing strategic leadership to the sector, ensuring the sector can respond quickly and effectively in an emergency. The Ministry manages this risk by maintaining the Transport National Emergency Response Plan which governs the work of the Transport Response Team (TRT). The TRT, managed by the Ministry, ensures that the Ministry and transport agencies provide coordinated advice in the whole-of-government response to a national emergency. This plan continues to develop, incorporating lessons learned from emergency exercises and events.

## DEPARTMENTAL CAPITAL AND ASSET MANAGEMENT INTENTIONS

Each year the Ministry prepares a capital programme to ensure the Ministry has the infrastructure required to fulfil its functions. The draft programme is subject to approval by management. The assets of the Ministry and the capital programme are detailed briefly below.

### PROPERTY, PLANT AND EQUIPMENT

The Ministry of Transport operates from three offices, with the main site, and the majority of the staff, located in Wellington. All of its premises are leased, so the majority of the assets are leasehold improvements, computer equipment, fixtures and fittings.

### LEASEHOLD IMPROVEMENTS

The Ministry has no plans to incur significant leasehold improvement expenditure in the next 4 years. The Ministry moved into its Wellington office in April 2006, its Auckland office in July 2005 and its Christchurch office in May 2008.

### COMPUTER EQUIPMENT

The Ministry has a 3–5 year rolling replacement programme for computer equipment.

### MILFORD SOUND/PIOPIOTAHU AERODROME

The Ministry owns the infrastructure at Milford Sound/ Piopiotahi Aerodrome.

### FIXTURES AND FITTINGS

All of the Ministry's offices are fully equipped, but there is an ongoing need to make small purchases of replacement or additional equipment.

### INTANGIBLE ASSETS

The Ministry has an investment in its own operational systems. A programme is in place to ensure systems continue to be fit for purpose.

### PROPOSED CAPITAL PROGRAMME

	2009/10 \$000	2010/11 \$000	2011/12 \$000	2012/13 \$000
Property, plant and equipment	500	500	500	500
Intangible assets – software	300	300	300	300
Total	800	800	800	800

## APPENDIX: LINKS BETWEEN GOVERNMENT'S LONG-TERM OUTCOMES, THE MINISTRY'S PLANNED PROGRAMMES OF ACTION, AND DEPARTMENTAL APPROPRIATIONS

GOVERNMENT'S LONG-TERM OUTCOMES*				THE MINISTRY'S PLANNED PROGRAMMES OF ACTION	VOTE TRANSPORT APPROPRIATION
A	B	C	D		
<b>MULTIMODAL</b>					
•	•		•	Facilitate effective governance, performance and capability of transport Crown agencies.	Governance and performance advice for Crown agencies
•		•		Engage Auckland Council and Auckland Transport on government policy and funding issues, to address Auckland transport and wider spatial issues.	Policy advice
•			•	Review use of regulatory interventions and their implementation.	Policy advice
•	•		•	Develop transport policy and contribute to the all-of-government response to the Christchurch earthquake.	Policy advice
•	•			Identify options to enhance the contribution of the freight sector to economic growth and productivity.	Policy advice
•	•	•		Work with the NZ Transport Agency and local governments to deliver better value for money from the National Land Transport Fund.	Policy advice
<b>ROAD</b>					
•	•		•	Identify optimal settings for land transport funding to deliver the government's desired outcomes.	Policy advice
•			•	Develop and implement land transport safety initiatives.	Policy advice
•	•	•	•	Review regulation and legislation to improve land transport outcomes while reducing compliance costs where possible for transport users.	Policy advice
<b>RAIL</b>					
•		•	•	Develop and implement operating models for metro rail services in Auckland and Wellington, and monitor rail infrastructure upgrades in Auckland and Wellington.	Policy advice
	•			Provide advice on the implementation of the KiwiRail Turnaround Plan and outcomes achieved in conjunction with the Treasury.	Policy advice
<b>AVIATION</b>					
•				Ensure New Zealand's international aviation arrangements are fit for purpose for a changing international aviation environment.	Policy advice
•				Manage and monitor the Crown funding and interests in charging and capital expenditure initiatives at joint venture airports.	Policy advice
•			•	Give effect to New Zealand's international obligations.	Policy advice
•				Review regulation and legislation to improve aviation-focused transport outcomes while reducing compliance costs where possible for transport users.	Policy advice
<b>MARITIME</b>					
•			•	Ensure New Zealand's international maritime arrangements are fit for purpose for a changing international maritime environment.	Policy advice
•				Review regulation and legislation to improve maritime-focused transport outcomes.	Policy advice

### \*GOVERNMENT'S LONG-TERM 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.

# Glossary of terms

<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 AND INTENDED IMPACT</b>	The logic, or the 'why', behind the Ministry of Transport's planned programmes of action, and the desired long-term effect of the Ministry of Transport's work programme on the transport sector.
<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.
<b>SHAPING OUR FUTURE</b>	The Ministry of Transport's organisational development programme.

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## CHRISTCHURCH

Our Christchurch office was severely damaged in the February 2011 earthquake. To contact members of our Christchurch office, please contact head office in Wellington.



